CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2020

CITY MANAGER
TONY CARSON

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CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

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INTRODUCTORY SECTION

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C I T Y O F F O R N E Y

February 26, 2021

Honorable Mayor and City Council
City of Forney
Forney, Texas

Dear Mayor and Council Members,

The Comprehensive Annual Financial Report ("CAFR") of the City of Forney, Texas, for the year ended September 30, 2020, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown & Hill, LLP., have issued an unqualified ("clean") opinion on the City of Forney's financial statements for the year ended September 30, 2020. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to compliment Management's Discussion and Analysis ("MD&A") and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

General Information – City of Forney

The City of Forney ("City") was incorporated in 1910 and currently has an estimated population of 25,030. The City operates as a Home Rule City, under a Council-Manager form of government with the Mayor and six Council members elected at large.

The City's major operations include police and fire protection, planning, building inspections, finance, parks and recreation, public works, and general administrative services. In addition, the City owns and operates a water and sewer system.

Economic Conditions and Outlook

Forney, Texas is one of the fastest growing communities in the DFW area. Strategically located between Highway 80 and Interstate 20, population has increased 66% in the last decade. Despite the increasing population, the city has managed to maintain a vibrant, family-centered lifestyle

and community leaders carefully weigh growth opportunities against quality of life issues and sustainability. The City continues to work with developers to expand and diversify available retail opportunities with the Forney Marketplace and Gateway developments.

Economic conditions continue to present challenges in budget development and forecasting. However, moderate growth continues in several key indicators. Sales tax continues to trend upward and ended the year with a 17.86% increase over the previous year's collections. New construction remains very active. These factors coupled with planned projects scheduled to begin in the near future, cause us to remain optimistic regarding Forney's future opportunities.

Major Initiatives

The City Council has identified Strategic Plan Objectives, and most of the major initiatives are directly related to those objectives. Major initiatives for 2020 focused on reconstructing or repairing streets, improving parks and recreation opportunities, and expanding City office space and parking for additional personnel. Additionally, sewer infrastructure was expanded to encourage commercial growth.

Accounting Procedures and Budgetary Controls

The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City Manager's Office, and expenditure estimates by each City department. Budgets are reviewed by the City Manager who makes final decisions and submits a recommended budget to the City Council.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager's Office and the City Council concurrent with review of the proposed budget. The re-estimated budget may require a supplemental appropriation at the fund level and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

In an effort to stay within budget, the Assistant Finance Director reviews expenses weekly and provides each department director their departments expense report. Each department director reviews their report and directs any questions to the Assistant Finance Director for further review.

The Assistant Finance Director also provides the City Manager's Office and City Council with a monthly summary budget report.

General Government Functions

Tax Rates: All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

Fiscal Year	Tax Rate
2016-2017	0.651111
2017-2018	0.621111
2018-2019	0.621111
2019-2020	0.580000

Other Information

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded Certificate of Achievement for Excellence in Financial Reporting to the City of Forney for its comprehensive annual financial report for the fiscal year ended September 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it the GFOA to determine eligibility of another certificate.

Certificate of Recognition for Budget Preparation

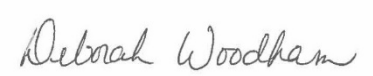
The Government Finance Officers Association of the United States and Canada ("GFOA") presented a Distinguished Budget Presentation Award to the City of Forney for its annual budget for the Fiscal Year beginning October 1, 2019. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Finance Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,



Deborah Woodham
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Forney Texas

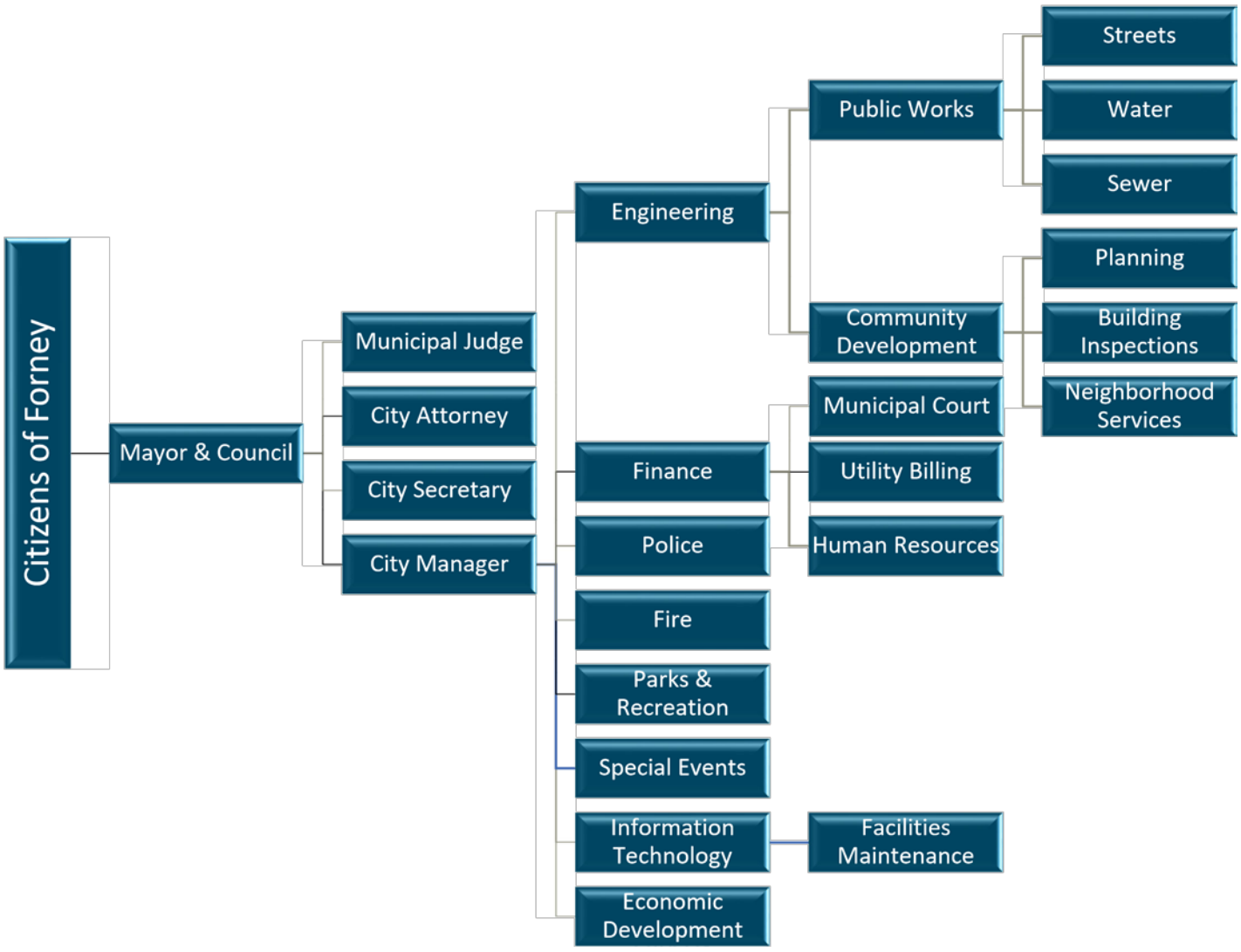
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

CITY ORGANIZATION CHART



CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

HOME RULE, COUNCIL-MANAGER FORM OF GOVERNMENT

Mary Penn
MAYOR

CITY COUNCIL

James Traylor	Place 1
Shaun Myers	Place 2
Robbie Powers	Place 3
Kevin Moon	Place 4
Derald Cooper	Place 5
David Johnson	Place 6

Tony Carson
CITY MANAGER

Deborah Woodham
DIRECTOR OF FINANCE AND HUMAN RESOURCES

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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Forney, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Forney, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Forney, Texas' Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Forney, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, on our consideration of the City of Forney, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Forney, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of Forney (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $118,595,322 (net position). Of this amount, $31,214,494 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $23,248,985. The increase from operations was due to an increase in governmental activities net position largely due to an increase in property taxes revenue and sales taxes revenue, and business-type activities net position due to an increase in charges for services revenue.

- At the end of the current fiscal year, the City's governmental funds reported combined fund balances of $31,471,569, an increase of $10,653,746 or 51%, in comparison with the prior year. The majority of this increase is due to an increase in capital outlays related to construction in progress.

- The City's total bonded debt decreased by $6,760,000, or 14%, during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The first two statements (pages 11-13) in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements (pages 14-23) are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, required supplemental information is provided to show details about the City's budgetary information and pension plan and OPEB plans.

Government-wide financial statements — The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The statement of net position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both the government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the utility services offered by the City. The final category is the component unit.

The government-wide financial statements are on pages 11-13 of this report.

Fund financial statements — The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements for governmental funds, proprietary funds, and fiduciary funds can be found in the financial section of this report.

Governmental funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Roadway Impact Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information. The governmental fund financial statements can be found on pages 14-19 of this report.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary funds — The City of Forney has one type of proprietary fund which is the Utility Fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds — Fiduciary funds are used to account for amounts held on behalf of others by the City as a trustee, or fiduciary. The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. All of the City's fiduciary activities are reported in a separate Statements of Fiduciary Assets and Liabilities. The activities of this fund are excluded from the City's other financial statements because the City cannot use these assets to finance its' operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose.

The fiduciary funds financial statement can be found on page 23.

Notes to the financial statements — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 24-51 of this report.

Other Information — In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's budgetary information and progress in funding its obligation to provide pension benefits and OPEB benefits to its employees and retirees.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information. Combining statements and individual fund statements can be found on pages 59-60 of this report.

CITY OF FORNEY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 41,450,252	$ 36,126,206	$ 27,664,452	$ 25,160,363	$ 69,114,704	$ 61,286,569
Capital assets	64,171,930	62,259,815	34,576,432	30,161,858	98,748,362	92,421,673
Total assets	105,622,182	98,386,021	62,240,884	55,322,221	167,863,066	153,708,242
Deferred outflows of resources	2,907,327	3,075,473	203,084	285,279	3,110,411	3,360,752
Long-term liabilities outstanding	45,276,295	52,435,560	3,673,906	4,421,673	48,950,201	56,857,233
Other liabilities	1,086,973	2,361,504	1,146,999	1,925,371	2,233,972	4,286,875
Total liabilities	46,363,268	54,797,064	4,820,905	6,347,044	51,184,173	61,144,108
Deferred inflows of resources	1,114,028	526,715	79,954	51,834	1,193,982	578,549
Net position:						
Net investment, in capital assets	36,409,322	16,969,844	31,262,721	26,259,404	67,672,043	43,229,248
Restricted	16,650,410	24,717,558	3,058,375	1,510,191	19,708,785	26,227,749
Unrestricted	7,992,481	4,450,313	23,222,013	21,439,027	31,214,494	25,889,340
Total net position	$ 61,052,213	$ 46,137,715	$ 57,543,109	$ 49,208,622	$ 118,595,322	$ 95,346,337

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Forney exceeded the liabilities and deferred inflows of resources by $118,595,322 as of September 30, 2020. The City's net position increased by $23,248,985 for fiscal year ended September 30, 2020.

Net Investment in Capital Assets – The largest portion of the City's net position, 57%, reflects the City's net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Restricted Net Position – The restricted net position of $19,708,785, or 17% of total net position represents resources that are subject to external restrictions or their use, or by enabling legislation. Restricted net position is comprised of state imposed restrictions; namely 31% for impact fees, 55% for courts fees restricted for use within the municipal court, tourism related to the collection hotel occupancy taxes, and capital projects and 13% contractual obligations for debt from property taxes.

Unrestricted Net Position – Unrestricted net position of $31,214,494 is available to fund City programs to citizens and obligations to creditors.

CHANGES IN NET POSITION

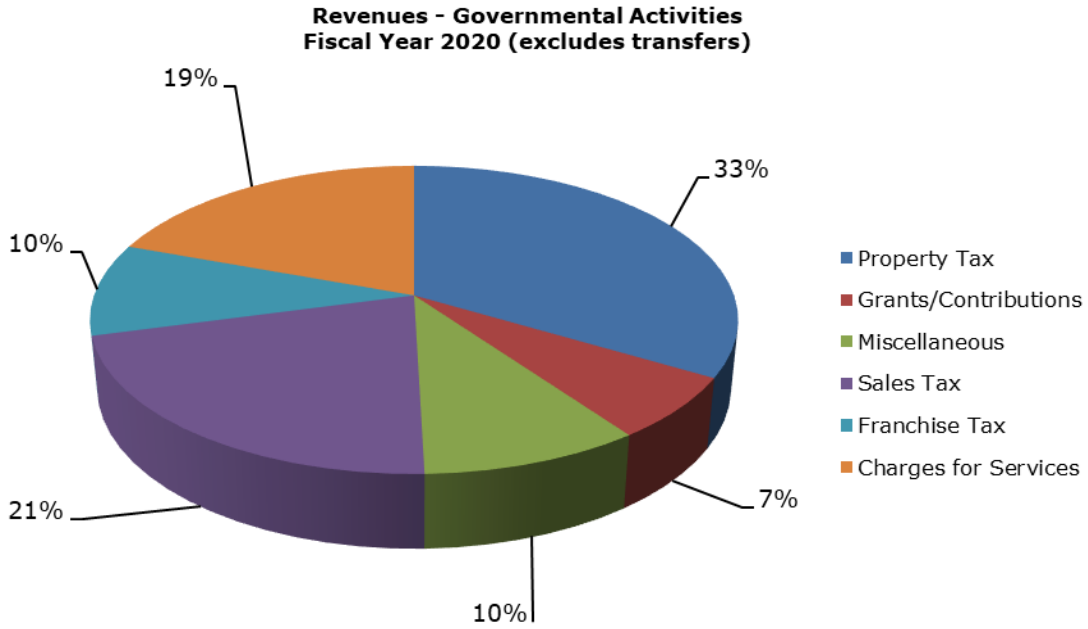
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 6,909,674	$ 4,305,767	$ 22,823,872	$ 20,313,579	$ 29,733,546	$ 24,619,346
Operating grants and contributions	551,039	226,959	2,616,746	1,693,133	3,167,785	1,920,092
Capital grants and contributions	2,027,888	4,648	2,900,000	-	4,927,888	4,648
General revenues:						
Property taxes	11,888,141	10,470,757	-	-	11,888,141	10,470,757
Franchise taxes	3,452,551	3,418,342	-	-	3,452,551	3,418,342
Sales taxes	7,561,479	6,351,122	-	-	7,561,479	6,351,122
Other taxes	173,034	185,150	-	-	173,034	185,150
Investment income	3,110,009	(540,886)	66,127	(549,479)	3,176,136	(1,090,365)
Gain on disposal of capital assets	6,358	21,578	30	6,383	6,388	-
Developer contributions	-	-	-	-	-	-
Miscellaneous	98,378	77,082	12,042	37,095	110,420	114,177
Total revenues	35,778,551	24,520,519	28,418,817	21,500,711	64,197,368	45,993,269
Expenses:						
General government	6,453,583	5,735,228	-	-	6,453,583	5,735,228
Public safety	10,127,674	10,351,567	-	-	10,127,674	10,351,567
Public works	2,394,495	3,241,666	-	-	2,394,495	3,241,666
Public services and operations	934,154	1,023,882	-	-	934,154	1,023,882
Parks and recreation	2,598,119	2,635,064	-	-	2,598,119	2,635,064
Interest on long-term debt	1,446,262	1,662,180	-	-	1,446,262	1,662,180
Utilities	-	-	16,994,096	16,345,862	16,994,096	16,345,862
Total expenses	23,954,287	24,649,587	16,994,096	16,345,862	40,948,383	40,995,449
Increases in net position before transfers and extraordinary item (expense)	11,824,264	(129,068)	11,424,721	5,154,849	23,248,985	5,025,781
Transfers	3,090,234	2,109,914	(3,090,234)	(2,109,914)	-	-
Increase (decrease) in net position	14,914,498	1,980,846	8,334,487	3,044,935	23,248,985	5,025,781
Net position, beginning	46,137,715	44,156,869	49,208,622	46,163,687	95,346,337	90,320,556
Net position, ending	$ 61,052,213	$ 46,137,715	$ 57,543,109	$ 49,208,622	$ 118,595,322	$ 95,346,337

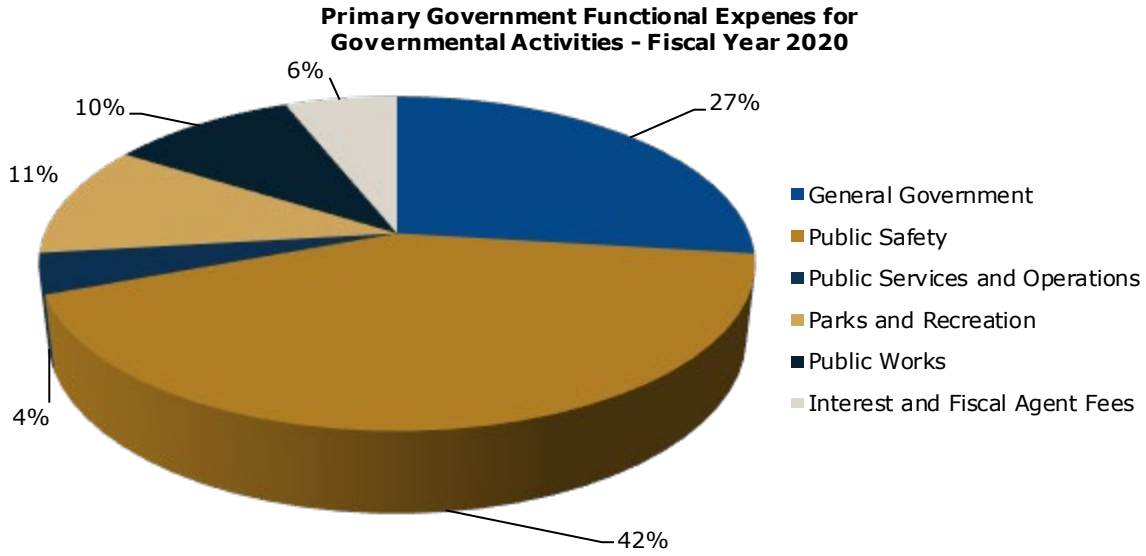
Governmental activities increase in net position before transfers and extraordinary expense increased by $11,953,332 , primarily due to an increase in investment income and property tax revenue.

Business-type activities increase in net position before transfers and extraordinary expense increased by $6,269,872 . This is primarily due to an increase in charges for services and a developer contribution in 2020.

Governmental-type activities – Governmental-type activities, increased the City's net position by $14,914,498. A key element of this increase is as follows:

Property tax revenue increased due to an increase in appraised values. Additionally, governmental activity expenses remained overall consistent with the prior period with slight increases in general government and public safety expenses and slight decreases in public services and operations and interest on long-term debt.





Business-type activities – Business type activities increased the City of Forney's net position by $8,334,487.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Forney uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds – The focus of the City of Forney's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of the city's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the city itself, or a group or individual authorized by the governing body to assign resources for a particular purpose.

At the close of the current fiscal year, the governmental funds reported combined ending fund balances of $31,471,569, an increase of $10,653,746 , or 51% in comparison with the prior year. The components of total fund balances are as follows:

Restricted fund balances of $17,596,591 consist of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Obligations for bonded debt is $2,627,322, or 15%, and debt proceeds for capital expenditures of $11,550,916, or 66%, account for the majority of restricted fund balances. Restrictions imposed by legislation amounts to $3,418,353 or 19%.

Committed fund balance of $23,867 is for the police department as imposed by City Council for specific purposes.

Assigned fund balance of $7,777,225 is for special projects and use in the subsequent year's budget as imposed by City Council or City Management for specific purposes.

As a measure of the General Fund's liquidity, it is useful to compare fund balance to total General Fund expenditures. Total fund balance equates to 72% of total General Fund expenditures.

Significant changes in fund balances of major funds are as follows:

The General Fund's fund balance increased by $6,767,666 or 94%, due to increases in property tax revenue, sales tax revenue and investment earnings.

The Debt Service Fund's fund balance decreased by ($421,008), or -14%, due to principal and interest expenditures for two bond issues being paid from fund balance.

The Roadway Impact Fund's fund balance increased by $1,659,227, or 127%, due to an increase in impact fees received.

The Capital Projects Fund's fund balance increased by $2,747,961 , or 31%, largely due to a $2,000,000 developer contribution.

Proprietary Funds

The City of Forney's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $23,222,013.

General Fund Budgetary Highlights

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts mainly in the areas of property tax, sales tax, franchise tax, and license and permit revenues. Expenditures were less than budgeted in the majority of departments for salary and benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets—The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to $98,748,362 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, vehicles and construction in progress. This amount represents a net increase (including additions and deductions) or $6,326,689 (net of accumulated depreciation) from the prior fiscal year.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Roadway improvements
- Water and sewer line improvements

CITY OF FORNEY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	$5,017,448	$5,017,448	$703,953	$703,953	$5,721,401	$5,721,401
Infrastructure	27,457,625	27,625,572	21,173,623	16,745,797	48,631,248	44,371,369
Buildings and improvements	16,000,742	12,499,890	-	-	16,000,742	12,499,890
Machinery and equipment	3,187,789	3,003,058	663,158	537,029	3,850,947	3,540,087
Construction in progress	12,508,326	14,113,847	12,035,698	12,175,079	24,544,024	26,288,926
Total	$ 64,171,930	$ 62,259,815	$ 34,576,432	$ 30,161,858	$ 98,748,362	$ 92,421,673

More detailed information about capital assets is presented on pages 35-36 in the notes to the financial statements.

CITY OF FORNEY'S OUTSTANDING BONDS AND NOTES PAYABLE AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds and certificates of obligation	$ 25,780,000	$ 28,285,000	$ 3,320,000	$ 3,910,000	$ 29,100,000	$ 32,195,000
Pass-through toll revenue and limited tax bonds	11,315,000	14,980,000	-	-	11,315,000	14,980,000
Tax Notes	1,220,000	1,505,000	-	-	1,220,000	1,505,000
Notes payable	263,953	356,031	-	-	263,953	356,031
Total	$ 38,578,953	$ 45,126,031	$ 3,320,000	$ 3,910,000	$ 41,898,953	$ 49,036,031

The City's long term debt decreased by $7,137,078 due to payments made throughout the year. More detailed information about the long-term obligations is presented on pages 37-40 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Although the economy is the primary factor, the City's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for the business-type activities. The 2021 budget was more challenging than prior budgets due to the Covid-19 pandemic. The pandemic timing presented a unique problem in budgeting in that the budget process would be completed before the City had significant information regarding the impact to City revenue streams. Therefore, revenue projections were left flat with the exception of those items related to property valuations. The financial forecast presented to the City Council projects an increase in the General Fund revenues of $1,268,840 or 5.82%. This increase is primarily due to increased property tax and sales tax revenues.

Assessed property values grew approximately 13.98% for 2021 which will increase property tax revenue in the upcoming budget for secured and unsecured property taxes to be collected in FY 2021. The property tax rate for fiscal year 2021 decreased from $0.58 to $0.538710 per $100 assessed value; however, tax revenue will increase approximately $712,953.

The FY 2021 budget includes an 8.28% increase in General Fund expenditures. This increase is primarily the result of increased benefits related costs as well as a one-time payment for each employee which equals up to 5% of their base salary. Additional funding was also added to several key maintenance and miscellaneous areas; however, these funds will remain unspent until revenue collections have been evaluated.

North Texas Municipal Water District has indicated that it will not impose an increase in water purchase cost, but it will impose a 20% increase in sewage treatment. The Council voted to increase residential and commercial sewer rates 10% as well as increasing garbage rates 5% to cover a portion of the increased cost.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Division, City of Forney, P.O. Box 826, Forney, Texas 75126-0826.

BASIC
FINANCIAL STATEMENTS

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CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Forney EDC
ASSETS				
Cash and investments	$ 32,924,229	$ 18,356,017	$ 51,280,246	$ 4,911,857
Receivables (net of allowances for uncollectibles)				
Taxes receivable	1,614,555	-	1,614,555	470,067
Accounts receivable	145,198	2,290,538	2,435,736	150
Intergovernmental receivable	8,901,774	-	8,901,774	-
Due from primary government	-	-	-	46,721
Internal balances	(2,135,504)	2,135,504	-	-
Restricted assets:				
Cash and investments	-	4,882,393	4,882,393	-
Capital assets, not being depreciated	17,525,774	12,739,651	30,265,425	2,028,659
Capital assets, being depreciated, net	46,646,156	21,836,781	68,482,937	839,072
Total assets	105,622,182	62,240,884	167,863,066	8,296,526
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	451,016	26,792	477,808	-
Deferred outflow related to pension	2,406,937	172,748	2,579,685	41,680
Deferred outflow related to other post-employment benefit	49,374	3,544	52,918	855
Total deferred outflows of resources	2,907,327	203,084	3,110,411	42,535
LIABILITIES				
Accounts payable	415,137	624,016	1,039,153	1,821
Accrued liabilities	318,048	11,260	329,308	562
Due to other governments	58,625	9,637	68,262	-
Unearned revenue	57,822	65,323	123,145	-
Accrued interest payable	190,620	16,794	207,414	10,097
Due to component unit	46,721	-	46,721	-
Customer deposits	-	419,969	419,969	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	4,514,229	405,000	4,919,229	100,000
Compensated absences	133,354	5,081	138,435	409
Due in more than one year:				
Long-term debt	35,866,450	2,935,503	38,801,953	1,530,000
Compensated absences	400,062	15,243	415,305	1,226
Net pension liability	4,149,716	297,829	4,447,545	71,859
Net other post-employment benefit liability	212,484	15,250	227,734	3,679
Total liabilities	46,363,268	4,820,905	51,184,173	1,719,653
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow related to pension	1,092,294	78,394	1,170,688	18,915
Deferred resource inflow related to other post-employment benefit	21,734	1,560	23,294	376
Total deferred inflows of resources	$ 1,114,028	$ 79,954	$ 1,193,982	$ 19,291
NET POSITION				
Net investment in capital assets	$ 36,409,322	$ 31,262,721	$ 67,672,043	$ 1,795,141
Restricted:				
Use of impact fees	2,961,594	3,058,375	6,019,969	-
Debt service	2,533,196	-	2,533,196	-
Municipal court use	56,784	-	56,784	-
Capital improvements	10,698,861	-	10,698,861	-
Public improvement district	399,975	-	399,975	
Unrestricted	7,992,481	23,222,013	31,214,494	4,804,976
Total net position	$ 61,052,213	$ 57,543,109	$ 118,595,322	$ 6,600,117

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF NET ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Function/Program Activities	Expenses	Primary Program Revenue: Charges for Services	Primary Program Revenue: Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	$ 6,453,583	$ 338,161	$ -
Public safety	10,127,674	1,409,341	537,089
Public services and operations	934,154	-	-
Parks and recreation	2,598,119	109,101	13,950
Public works	2,394,495	5,053,071	-
Interest and charges on long-term debt	1,446,262	-	-
Total governmental activities	23,954,287	6,909,674	551,039
Business-type activities:			
Utility fund	16,994,096	22,823,872	2,616,746
Total Business-type activities	16,994,096	22,823,872	2,616,746
Total primary government	40,948,383	29,733,546	3,167,785
Component unit:			
Economic Development Corporation	1,340,092	82,067	116,498
Total Component unit	$ 1,340,092	$ 82,067	$ 116,498
General revenues:			
Property taxes			
Sales taxes			
Franchise taxes			
Other taxes			
Miscellaneous			
Investment income			
Gain on sale of capital assets			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position -- beginning			
Net position -- ending			

The accompanying notes are an integral part of these financial statements.

Program Revenue	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Forney EDC
$ -	$(6,115,422)	$ -	$(6,115,422)	$ -
-	(8,181,244)	-	(8,181,244)	-
-	(934,154)	-	(934,154)	-
-	(2,475,068)	-	(2,475,068)	-
2,027,888	4,686,464	-	4,686,464	-
-	(1,446,262)	-	(1,446,262)	-
2,027,888	(14,465,686)	-	(14,465,686)	-
2,900,000	-	11,346,522	11,346,522	-
2,900,000	-	11,346,522	11,346,522	-
4,927,888	(14,465,686)	11,346,522	(3,119,164)	-
-				(1,141,527)
$ -				$(1,141,527)
	11,888,141	-	11,888,141	-
	7,561,479	-	7,561,479	2,520,493
	3,452,551	-	3,452,551	-
	173,034	-	173,034	-
	98,378	12,042	110,420	401
	3,110,009	66,127	3,176,136	10,508
	6,358	30	6,388	-
	3,090,234	(3,090,234)	-	-
	29,380,184	(3,012,035)	26,368,149	2,531,402
	14,914,498	8,334,487	23,248,985	1,389,875
	46,137,715	49,208,622	95,346,337	5,210,242
	$ 61,052,213	$ 57,543,109	$ 118,595,322	$ 6,600,117

CITY OF FORNEY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Roadway Impact Fund
ASSETS			
Cash and investments	$ 15,952,634	$ 2,611,655	$ 2,962,810
Taxes receivable, net	1,533,294	81,261	-
Due from other governments	-	8,901,774	-
Accounts receivable	145,198	-	-
Due from other funds	-	-	-
Total assets	17,631,126	11,594,690	2,962,810
LIABILITIES			
Accounts payable	223,339	-	1,216
Accrued salaries and wages	318,048	-	-
Due to other funds	2,920,358	-	-
Due to component unit	46,721	-	-
Due to other governments	58,625	-	-
Unearned revenues	17,311	-	-
Total liabilities	3,584,402	-	1,216
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	114,962	8,967,368	-
Total deferred inflows of resources	114,962	8,967,368	-
FUND BALANCES			
Restricted for:			
Debt service	-	2,627,322	-
Use of impact fees	-	-	2,961,594
Capital improvements	-	-	-
Municipal court use	56,784	-	-
Public Improvement District	-	-	-
Committed for:			
Police	23,867	-	-
Assigned for:			
General reserve	4,913,166	-	-
Subsequent year's budget	2,864,059	-	-
Unassigned	6,073,886	-	-
Total fund balances	13,931,762	2,627,322	2,961,594
Total liabilities, deferred inflows, and fund balances	$ 17,631,126	$ 11,594,690	$ 2,962,810

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
$ 10,956,416	$ 440,714	$ 32,924,229
-	-	1,614,555
-	-	8,901,774
-	-	145,198
784,854	-	784,854
11,741,270	440,714	44,370,610
190,354	228	415,137
-	-	318,048
-	-	2,920,358
-	-	46,721
-	-	58,625
-	40,511	57,822
190,354	40,739	3,816,711
-	-	9,082,330
-	-	9,082,330
-	-	2,627,322
-	-	2,961,594
11,550,916	-	11,550,916
-	-	56,784
-	399,975	399,975
-	-	23,867
-	-	4,913,166
-	-	2,864,059
-	-	6,073,886
11,550,916	399,975	31,471,569
$ 11,741,270	$ 440,714	$ 44,370,610

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CITY OF FORNEY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		$ 31,471,569
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		64,171,930
Revenue reported as unavailable revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements		
Property taxes	77,914	
Property tax penalties and interest	65,488	
Court fines and fees	37,154	
Pass-through toll grant	8,901,774	
		9,082,330
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an expenditure is reported when due.		(190,620)
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Also, the loss on refunding of bonds, the premium on issuance of bonds and deferred resource outflows (inflows) related to the net pension liability are not reported in the funds.		
Bonds payable	(36,810,000)	
Premiums and discounts on bonds payable	(1,801,726)	
Notes payable	(1,768,953)	
Compensated absences	(533,416)	
Net pension liability	(4,149,716)	
Net other post-employment benefit liability	(212,484)	
Deferred loss on bond refunding	451,016	
Deferred outflows and inflows related to pension	1,314,643	
Deferred outflows and inflows related to other post-employment benefit	27,640	
		(43,482,996)
Net position of governmental activities		$ 61,052,213

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Roadway Impact Fund
REVENUES			
Property taxes	$ 7,203,157	$ 3,643,256	$ -
Sales taxes	7,561,479	-	-
Hotel/motel taxes	-	-	-
Franchise taxes	3,452,551	-	-
Beverage taxes	50,137	-	-
Licenses and permits	2,956,929	-	-
Intergovernmental revenues	624,203	4,019,141	-
Charges for services	1,411,773	-	-
Impact fees	-	-	1,641,975
Fines and forfeitures	203,915	-	-
Investments earnings	3,024,657	23,428	17,578
Contributions and donations	7,888	-	-
Miscellaneous	115,794	-	-
Total revenues	26,612,483	7,685,825	1,659,553
EXPENDITURES			
Current:			
General government	5,888,156	-	-
Public safety	8,876,680	-	-
Public works	1,863,683	-	326
Public services and operations	887,254	-	-
Culture and recreation	1,727,806	-	-
Debt service:			
Principal	-	6,547,078	-
Interest	-	1,664,527	-
Capital outlay	-	-	-
Total expenditures	19,243,579	8,211,605	326
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,368,904	(525,780)	1,659,227
OTHER FINANCING SOURCES (USES)			
Transfers in	2,476,552	104,772	-
Transfers out	(3,099,880)	-	-
Sale of capital assets	22,090	-	-
Insurance recoveries	-	-	-
Total other financing sources (uses)	(601,238)	104,772	-
NET CHANGE IN FUND BALANCE	6,767,666	(421,008)	1,659,227
FUND BALANCE - BEGINNING	7,164,096	3,048,330	1,302,367
FUND BALANCE - ENDING	$ 13,931,762	$ 2,627,322	$ 2,961,594

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
$ 709,380	$ 387,367	$ 11,943,160
-	-	7,561,479
-	122,897	122,897
-	-	3,452,551
-	-	50,137
-	-	2,956,929
-	238,570	4,881,914
350,964	-	1,762,737
-	-	1,641,975
-	-	203,915
42,095	2,251	3,110,009
2,000,000	-	2,007,888
21,135	13,833	150,762
3,123,574	764,918	39,846,353
-	435,230	6,323,386
-	238,570	9,115,250
5,000	-	1,869,009
-	-	887,254
-	-	1,727,806
-	-	6,547,078
-	-	1,664,527
4,207,927	-	4,207,927
4,212,927	673,800	32,342,237
(1,089,353)	91,118	7,504,116
4,005,000	-	6,586,324
(204,992)	(191,218)	(3,496,090)
22,468	-	44,558
14,838	-	14,838
3,837,314	(191,218)	3,149,630
2,747,961	(100,100)	10,653,746
8,802,955	500,075	20,817,823
$ 11,550,916	$ 399,975	$ 31,471,569

CITY OF FORNEY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds:	$ 10,653,746
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays for the fiscal year.	4,419,653
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(2,454,500)
Current year long-term debt principal payments on contractual obligations, bonds payable and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	6,547,078
In governmental fund financial statements, the proceeds from sale of asset is shown as an increase in financial resources. In government-wide financial statements, the gain or loss is calculated and reported.	(53,038)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	18,991
Premiums, discounts and deferred losses on refunding are recognized in the fund financial statements as other and shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.	199,274
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	(55,349)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(4,074,160)
Certain pension and other post-employment (OPEB) expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows and inflows. These items relate to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension and OPEB liabilities were amortized.	(287,197)
Change in net position - statement of activities	$ 14,914,498

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-Type Activities
	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 7,276,092
Investments	11,079,925
Restricted cash and cash equivalents	4,882,393
Accounts receivable, net	2,290,538
Due from other funds	2,135,504
Total current assets	27,664,452
Noncurrent assets:	
Capital assets not being depreciated	12,739,651
Capital assets (net of accumulated depreciation)	21,836,781
Total noncurrent assets	34,576,432
Total assets	62,240,884
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	26,792
Deferred outflow related to pensions	172,748
Deferred outflow related to other post-employment benefit	3,544
Total deferred outflows of resources	203,084
LIABILITIES	
Current liabilities:	
Accounts payable	624,016
Accrued liabilities	11,260
Accrued interest payable	16,794
Unearned revenue	65,323
Bonds and notes payable- current	405,000
Compensated absences - current	5,081
Due to other governments	9,637
Customer deposits	419,969
Total current liabilities	1,557,080
Noncurrent liabilities:	
Bonds payable	2,935,503
Compensated absences	15,243
Net pension liability	297,829
Net other post-employment benefit liability	15,250
Total noncurrent liabilities	3,263,825
Total liabilities	4,820,905
DEFERRED INFLOWS OF RESOURCES	
Deferred resource inflow related to pension	78,394
Deferred resource inflow related to other post-employment benefit	1,560
Total deferred inflows of resources	79,954
NET POSITION	
Net investment in capital assets	31,262,721
Restricted for user impact fees	3,058,375
Unrestricted	23,222,013
Total net position	$ 57,543,109

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Utility Fund
OPERATING REVENUES	
Charges for services:	
Water and sewer sales	$ 20,006,545
Refuse collection	1,115,100
Impact fees	1,702,227
Miscellaneous revenue	12,042
Total operating revenues	22,835,914
OPERATING EXPENSES	
Personnel services	976,416
Supplies and materials	103,725
Maintenance and repair	1,084,268
Contracted services	469,365
Water purchases	10,767,002
Interceptor fees	1,832,213
Refuse collection	773,668
Depreciation	747,121
Total operating expenses	16,753,778.00
OPERATING INCOME	6,082,136
NON-OPERATING REVENUES (EXPENSES)	
Developer contributions	2,900,000
Intergovernmental revenue	2,616,746
Intergovernmental expense	(110,085)
Investment earnings	66,127
Gain on disposal of capital assets	30
Interest expense	(130,233)
Total nonoperating revenues (expenses)	5,342,585
INCOME BEFORE TRANSFERS	11,424,721
Transfers in	1,521,525
Transfers out	(4,611,759)
CHANGE IN NET POSITION	8,334,487
TOTAL NET POSITION - BEGINNING	49,208,622
TOTAL NET POSITION - ENDING	$ 57,543,109

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 22,618,358
Payments to suppliers and service providers	(15,979,260)
Payments to employees for salaries and benefits	(867,858)
Net cash provided by (used for) operating activities	5,771,240
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants	2,616,746
Transfers in from other funds	1,521,525
Transfers to other funds	(4,611,759)
Net cash provided by (used for) noncapital financing activities	(473,488)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(5,271,780)
Proceeds from the disposal of capital assets	30
Contributions from developer	2,900,000
Payments on long-term debt	(590,000)
Interest paid on capital debt	(128,976)
Net cash provided by (used for) capital and related financing activities	(3,090,726)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	66,127
Purchase of investments	(1,063,113)
Net cash provided by (used for) investing activities	(996,986)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,210,040
CASH AND CASH EQUIVALENTS - BEGINNING	10,948,445
CASH AND CASH EQUIVALENTS - ENDING	12,158,485
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:	
Operating income (loss)	6,082,136
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	747,121
(Increase) decrease in accounts receivable	(230,936)
Increase (decrease) in accounts payable	(763,475)
Increase (decrease) in accrued liabilities	(14,942)
Increase (decrease) in other liabilities	981
Increase (decrease) in customer deposits	(13,335)
Increase (decrease) in unearned revenues	12,399
Increase (decrease) in net pension liability	(50,053)
Increase (decrease) in net OPEB liability	(2,133)
Increase (decrease) in compensated absences	3,477
Total adjustments	(310,896)
Net cash provided by (used for) operating activities	$ 5,771,240

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2020

	Agency Developers Escrow
ASSETS	
Cash and investments	$ 1,205,480
Total assets	1,205,480
LIABILITIES	
Developer's Escrow	1,205,480
Total liabilities	$ 1,205,480

The accompanying notes are an integral part of these financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Forney ("City") was originally incorporated in 1910 and operates under a home rule charter adopted in an election held November 4, 1997 and a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. Some of the services provided are: public safety (police and fire protection), municipal court, streets, engineering, water distribution, sewer collection, recreation, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accounts in the publication entitled State and Local Governments-Audit and Accounting Guide and by the Financial Accounting Standards Board when applicable. The more significant accounting policies of the City are described below:

A. Reporting Entity

The City is a municipal corporation governed by an elected Mayor and six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units."

Under GASB 14, component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component unit may be discretely presented in a separate column from the primary government or blended with the financial statements of primary government. GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements.

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component unit have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Discretely Presented Component Unit

The City has one component unit, Forney Economic Development Corporation ("EDC"). The EDC was incorporated September 15, 1994 and is governed by a seven-member board appointed by and serving at the pleasure of the City Council. Thus, the EDC is legally separate, but due to the City appointing the voting majority of the EDC board, it is classified as a discretely presented component unit. The funding for the EDC occurs by the City transferring ¼ of City sales tax collections to the EDC. Adding the creation of the EDC to the resources currently available will more than double the current ability to assist economic development prospects. All of the EDC funding can be used for direct assistance to business prospects and continued development of infrastructure. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria may be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise fees, and interest income).

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement applied. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements and fiduciary fund statements. The economic resources measurement focus means all assets, deferred outflows/inflows of resources, and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. Ad valorem taxes are recognized as revenues in the year for which they are levied. Sales taxes, franchise taxes, hotel occupancy taxes, charges for services and fines are recognized as revenue as earned, when measurable and available. Licenses, permits, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Funds

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvements costs that are not paid through other funds are paid from this fund.

The ***Debt Service Fund*** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The ***Roadway Impact Fund*** special revenue fund accounts for the resources accumulated in the form of roadway impact fees for maintenance and operations of infrastructure and future projects.

The ***Capital Projects Fund*** accounts for the acquisition or construction of infrastructure and building projects being financed from bond proceeds, grants, and transfers from other funds.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major proprietary funds of the City:

The ***Utility Fund*** accounts for the operation of the City's water and sanitary sewer utility and trash collection which are self-supporting activities rendering services on a user-charge basis.

Agency Funds

Agency funds account for amounts held on behalf of others by the City as a trustee, or fiduciary. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activities of these funds are excluded from the City's other financial statements because the City cannot use them to finance its operations. The City is responsible for ensuring that the assets reported as used for their intended purpose. The following is a description of the fiduciary fund of the City.

The ***Developers Escrow Fund*** is used to account for assets held by the City in an agency capacity for developers. This fiduciary fund records only assets and liabilities and therefore has no measurement focus.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, and then use the unrestricted resources as needed.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Fund Balance or Net Position

1. Cash and Investments

Cash of all funds is pooled into a common interest-bearing bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

For purposes of the statement of cash flows, proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Prepaid Items

Prepaid balances are for payments made by the City for which benefits extend beyond the fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures. Prepaid items are recorded using the consumption method. The City does not have any prepaid items in the current fiscal year.

3. Interfund Transactions, Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as "due to/from other funds."

4. Property Taxes and Other Receivables

Property Taxes

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review established appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraisal values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, of the no new revenue rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceed the rate of the previous year by more than 3.5%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 3.5% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed value. The City's property tax rate for the current fiscal year is $0.58 per $100 assessed value.

Allowances for Uncollectible Accounts

Governmental trade and property tax receivables are shown net of an allowance for uncollectibles. All other allowances for uncollectible accounts are based on historical collection rates. The property tax receivable allowance is based on the average collection rate of delinquent taxes over the last 20 years.

The allowance for uncollectible accounts for utility billing in the enterprise fund is estimated based on a percentage of aged balances outstanding.

5. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of the other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents and investments set aside for repayment of customer's water/sewer deposits, impact fees, specific capital additions and various bond covenants.

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and wastewater services are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

6. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The City defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical if historical cost is not available. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	10-40
Buildings	20-50
Building Improvements	10-25
Vehicles	5
Office Equipment	5
Machinery and Equipment	5-10

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. All vacation and comp time is accrued at the close of the fiscal year end in the government-wide and proprietary fund financial statements.

8. Long-term Debt

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

9. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of items, which arise only under a full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items deferred loss on bond refunding and deferred resource outflows related to the City's pension and other post-employment benefit plans are reported in the statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of a net position that applies to that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and notes receivable from TX DOT. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the City has two types of deferred inflow of resources that are required to be reported under the full accrual basis of accounting. These items, deferred resource inflows related to the City's pension and other post-employment benefit plans, are reported in the statement of net position.

10. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City Council can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or City Manager per the City's Fund Balance Policy.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

It is the City's goal to achieve and maintain an unassigned fund balance in the General Fund equal to 5% of yearly expenditures. The City considers a balance of less than 5% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

12. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Comparative Data/Reclassification

Comparative total data for the current year to budget have been presented in the supplementary section of the financial statements in order to provide an understanding of budgeted to actual results. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

15. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

16. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

II. DEFICIT EQUITY BALANCES

There were no funds with a deficit equity balance.

III. BUDGETS AND BUDGETARY ACCOUNTING

The City's Home Rule Charter provides for the submission of the budget to the City Council by the City Manager. The City's fiscal year runs October 1 through September 30.

The following procedures are followed in establishing the budgetary data:

- No later than August 1st, the City management submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. The City Manager or Director of Finance is authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.

- Budgets for the General Fund, Debt Service Fund, Roadway Impact Fund, Capital Projects Fund, and Hotel/Motel Tax Fund are legally adopted on a basis consistent with generally accepted accounting principles. The City does not legally adopt a budget for the Fox Hollow PID Fund or the COVID-19 Fund. The majority of the City's Capital Projects Funds are budgeted on an annual basis. For budgeted capital projects not expended during the fiscal year, the City will roll those balances into the following year's budget.

- According to the City Charter, total estimated expenditures of the General Fund are to be budgeted.

- For the year ended September 30, 2020, principal and interest expenditures exceeded appropriations in the debt service fund by $92,078 and $12,634, respectively. These overages were funded with existing fund balance. Capital outlay expenditures exceeded appropriations in the capital projects fund by $18,772. These overages were funded with existing fund balance.

IV. CASH AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of September 30, 2020, the City had the following cash and investments:

		Fair Value Measurement Using			Weighted Average Maturity (Days)
	9/30/2020	(Level 1)	(Level 2)	(Level 3)	
Primary government					
Cash and cash equivalents					
Cash deposits - City	$ 2,352,621				
Certificates of deposit	5,025				
Total cash and cash equivalents	2,357,646				
Investment pools:					
TexPool	38,412,036				38
TexStar	4,986,787				39
Total investment pools	43,398,823				
Investments by fair value level:					
Debt securities:					
Federal Farm Credit Bank Bonds	$ 9,309,270	$ -	$ 9,309,270	$ -	549
Toyota Motor Corp Commercial Paper	2,997,172	-	2,997,172	-	139
Total debt securities	12,306,442	-	12,306,442	-	
Total cash and investments of the primary government	$ 58,062,911	$ -	$ 12,306,442	$ -	
Portfolio weighted average maturity (days)					129
Component unit					
Cash and cash equivalents					
Cash deposits - EDC	$ 4,745,338				
Certificates of deposit	6,813				
Total cash and cash equivalents	4,752,151				
Investment pools:					
TexPool	206,427				38
Total cash and investments of the component unit	4,958,578				
Total cash and investments of the reporting entity	$ 63,021,489				

U.S. Agency Bonds of $4,999,955 were valued using a documented trade history in exact security pricing model (Level 2 input). U.S. GSE of $4,309,315 were valued using an option-adjusted discounted cash flow pricing model (Level 2 input). Commercial paper of $2,997,172 was valued using a present value of expected future cash flow pricing model. The City invests in external investment pools with a credit rating of AAAm.

Analysis of Specific Deposit and Investment Risks

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, the City was not significantly exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

As of September 30, 2020, the City's deposit balances were fully collateralized by securities held by the financial institution in the City's name or by Federal Deposit Insurance Corporation ("FDIC") insurance.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to foreign currency risk.

V. RECEIVABLES

Receivables as of year-end for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds		Proprietary	
	General	Debt Service	Utility	Total
Accounts	$ 293,811	$ -	$ 2,601,832	$ 2,895,643
Taxes	1,554,074	96,751	-	1,650,825
Intergovernmental	-	8,901,774	-	8,901,774
Gross Receivables	1,847,885	8,998,525	2,601,832	13,448,242
Less: Allowance for uncollectibles	(169,393)	(15,490)	(311,294)	(496,177)
Net receivables	$ 1,678,492	$ 8,983,035	$ 2,290,538	$ 12,952,065

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

Governmental activities:	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 5,017,448	$ -	$ -	$ -	$ 5,017,448
Construction in progress	9,178,279	3,896,925	-	(566,878)	12,508,326
Total assets not being depreciated	14,195,727	3,896,925	-	(566,878)	17,525,774
Capital assets, being depreciated:					
Buildings and improvements	21,955,423	-	-	-	21,955,423
Machinery and equipment	9,519,245	491,912	(180,275)	-	9,830,882
Infrastructure	41,064,738	30,816	-	566,878	41,662,432
Total capital assets being depreciated	72,539,406	522,728	(180,275)	566,878	73,448,737
Less accumulated depreciation:					
Buildings and improvements	(5,410,800)	(543,881)	-	-	(5,954,681)
Machinery and equipment	(5,470,472)	(1,172,621)	-	-	(6,643,093)
Infrastructure	(13,594,046)	(737,998)	127,237	-	(14,204,807)
Total accumulated depreciation	(24,475,318)	(2,454,500)	127,237	-	(26,802,581)
Total capital assets being depreciated, net	48,064,088	(1,931,772)	(53,038)	566,878	46,646,156
Governmental activities capital assets, net	$ 62,259,815	$ 1,965,153	$(53,038)	$ -	$ 64,171,930

Business-type activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 703,953	$ -	$ -	$ -	$ 703,953
Construction in progress	12,175,079	4,872,907	-	(5,012,288)	12,035,698
Total assets not being depreciated	12,879,032	4,872,907	-	(5,012,288)	12,739,651
Capital assets, being depreciated:					
Sewer plant & infrastructure	11,546,979	-	-	4,277,580	15,824,559
Water plant & infrastructure	15,270,826	45,171	-	734,708	16,050,705
Machinery and equipment	2,061,936	243,617	-	-	2,305,553
Total capital assets being depreciated	28,879,741	288,788	-	5,012,288	34,180,817
Less accumulated depreciation:					
Sewer plant & infrastructure	(3,033,796)	(246,601)	-	-	(3,280,397)
Water plant & infrastructure	(7,038,212)	(383,032)	-	-	(7,421,244)
Machinery and equipment	(1,524,907)	(117,488)	-	-	(1,642,395)
Total accumulated depreciation	(11,596,915)	(747,121)	-	-	(12,344,036)
Total capital assets being depreciated, net	17,282,826	(458,333)	-	5,012,288	21,836,781
Business-type activities capital assets, net	$ 30,161,858	$ 4,414,574	$ -	$ -	$ 34,576,432

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 46,199
Public safety	813,610
Public works	717,753
Public services and operations	26,931
Culture and recreation	850,007
Total depreciation expense - governmental activities	$ 2,454,500
Business-type activities:	
Utility	$ 747,121
Total depreciation expense - business-type activities	$ 747,121

Capital asset activity for the discretely presented component unit, Forney EDC, as of September 30, 2020, is as follows:

Component Unit - Forney EDC	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 323,120	$ -	$ -	$ -	$ 323,120
Construction in progress	1,595,454	110,085	-	-	1,705,539
Total assets not being depreciated	1,918,574	110,085	-	-	2,028,659
Capital assets, being depreciated:					
Buildings and improvements	1,103,043	-	-	-	1,103,043
Machinery, furniture and equipment	13,381	37,035	-	-	50,416
Total capital assets being depreciated	1,116,424	37,035	-	-	1,153,459
Less accumulated depreciation:					
Buildings and improvements	(258,975)	(40,179)	-	-	(299,154)
Machinery, furniture and equipment	(13,381)	(1,852)	-	-	(15,233)
Total accumulated depreciation	(272,356)	(42,031)	-	-	(314,387)
Total capital assets being depreciated, net	844,068	(4,996)	-	-	839,072
Business-type activities capital assets, net	$ 2,762,642	$ 105,089	$ -	$ -	$ 2,867,731

VII. CONSTRUCTION COMMITMENTS

The City has several active construction projects as of September 30, 2020. The projects include street infrastructure, water/sewer infrastructure improvements, park improvements, and building improvements.

A summary of these projects as of September 30, 2020 included the following:

Project	Remaining Commitment
Street improvements	$ 3,260,756
Parks improvements	42,724
Other community projects	616,010
Water/sewer line infrastructure projects	9,303,315
Total	$ 13,222,805

VIII. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2020, is as follows:

Governmental activities:	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
General obligation bonds and certificates of obligation	$ 28,285,000	$ -	$(2,505,000)	$ 25,780,000	$ 2,520,000
Pass-through toll revenue and limited tax bond	14,980,000	-	(3,665,000)	11,315,000	1,660,000
Tax Notes	1,505,000		(285,000)	1,220,000	290,000
Plus:					
Issuance premiums	2,336,651	-	(276,809)	2,059,842	-
Less:					
Issuance discounts	(283,378)	-	25,262	(258,116)	-
Notes payable	356,031	-	(92,078)	263,953	44,229
Total long-term debt	47,179,304	-	(6,798,625)	40,380,679	4,514,229
Compensated absences	478,067	649,102	(593,753)	533,416	133,354
Total governmental long-term liabilities	$ 47,657,371	$ 649,102	$(7,392,378)	$ 40,914,095	$ 4,647,583

Business-type activities:	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Utility Fund:					
General obligation and certificate of obligation	$ 3,910,000	$ -	$(590,000)	$ 3,320,000	$ 405,000
Plus:					
Issuance premiums	24,604	-	(4,101)	20,503	-
Total long-term debt	3,934,604	-	(594,101)	3,340,503	405,000
Compensated absences	16,847	26,666	(23,189)	20,324	5,081
Total business-type long-term liabilities	$ 3,951,451	$ 26,666	$(617,290)	$ 3,360,827	$ 410,081

The liability for compensated absences is liquidated by the General fund with an estimated 86% and the Utility Fund is responsible for the remaining 14%. The City's notes payable contains a provision that in an event of default, outstanding amounts become immediately due. The City's general obligation bonds, certificates of obligation, and tax notes contain a provision that in an event of default, creditors may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to debt. As outstanding debt does not become immediately due, the remedy of mandamus may have to be relied up on from year to year.

Governmental Long-Term Debt

Description	Interest Rates	Amounts Issued	Amounts Outstanding September 30, 2020
Pass-through Toll Revenue & Limited Tax Bonds, Series 2008	3.75 - 5.25%	$ 39,605,000	$ 3,095,000
General Obligation Bonds, Series 2011	4.0% - 4.25%	2,295,000	2,295,000
Certificates of Obligation, Series 2011	2.0% - 4.125%	3,685,000	2,575,000
Certificates of Obligation, Series 2012	1.0% - 3.0%	1,030,000	695,000
General Obligation Bonds, Series 2012	.4% - 1.9%	2,235,000	580,000
Certificates of Obligation, Series 2014	2.0% - 4.0%	4,945,000	4,000,000
General Obligation Bonds, Series 2014	2.0% - 3.5%	2,150,000	1,150,000
General Obligation Bonds, Series 2015	3.5% - 4.0%	8,585,000	8,585,000
Certificates of Obligation, Series 2016	2.0% - 3.0%	2,500,000	2,110,000
General Obligation Bonds, Series 2016	2.0% - 4.0%	8,220,000	3,790,000
Pass-through Toll Revenue & Limited Tax Refunding Bonds, Series 2017	3.0% - 5.0%	11,465,000	8,220,000
Total Bonds Payable		$ 86,715,000	$ 37,095,000

Debt service requirements are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	$ 4,265,000	$ 1,350,461	$ 5,615,461
2022	4,425,000	1,191,849	5,616,849
2023	3,590,000	1,021,015	4,611,015
2024	2,870,000	904,981	3,774,981
2025	3,015,000	802,825	3,817,825
2026-2030	11,855,000	2,500,468	14,355,468
2031-2035	6,910,000	588,913	7,498,913
2036	165,000	2,475	167,475
Total	$ 37,095,000	$ 8,362,987	$ 45,457,987

A brief discussion of each bond issuance follows:

$39,605,000 Series 2008 Pass-through toll revenue and limited tax revenue bonds issued July 1, 2008 for the purpose of improvement to certain state highway facilities and roadways.

$2,295,000 Series 2011 General Obligation Refunding bonds issued August 2, 2011 for the purpose of refinancing portions of the 2005 CO, 2007 CO and 2008 Pass Through Toll Revenues Bonds.

$3,685,000 Series 2011 Certificate of Obligations bonds issued August 2, 2011 for the purpose of improvements to infrastructure for streets and parks and design of new fire station.

$2,235,000 Series 2012 General Obligation bonds issued November 6, 2012 for the purpose of refinancing the 2000B CO portions of the 2003 CO.

$1,030,000 Series 2012 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations issued November 6, 2012 for the purpose of land acquisition.

$4,945,000 Series 2014 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations issued November 4, 2014 for the purpose of constructing and equipping a new fire station and an animal shelter.

$3,440,000 Series 2014 General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005A Certificates of Obligations.

$8,585,000 Series 2015 General Obligation Refunding Bonds issued June 1, 2015 for the purpose of refinancing portions of the 2007 General Obligation Bonds.

$8,220,000 Series 2016 General Obligation Refunding Bonds issued August 2, 2016 for the purpose of refinancing portions of the 2007 General Obligation Bonds.

$2,500,000 Series 2016 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation issued for the purpose of improvement to certain roadways.

$11,465,000 Series 2017 Subordinate Lien Pass-through Toll Revenue and Limited Tax Refunding Bonds issued August 15, 2017 for the purpose of refinancing portions of the 2008 Pass-through Toll Revenue and Limited Tax Revenue Bonds.

Tax Notes Payable

The City issued Series 2017 Tax Notes with BNY Mellon in the amount of $2,055,000 for the purpose of acquisition of public safety equipment on August 15, 2017.

Debt service requirements for this tax note are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	$ 290,000	$ 32,250	$ 322,250
2022	300,000	23,400	323,400
2023	310,000	14,250	324,250
2024	320,000	4,800	324,800
Total	$ 1,220,000	$ 74,700	$ 1,294,700

Notes Payable

The City purchased land in FY 18 and incurred a note payable in the amount of $406,000.

Debt service requirements for this note payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	$ 44,229	$ 6,879	$ 51,108
2022	45,493	5,615	51,108
2023	46,794	4,314	51,108
2024	48,131	2,977	51,108
2025	49,507	1,601	51,108
2026	29,799	283	30,082
Totals	$ 263,953	$ 21,669	$ 285,622

Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding September 30, 2020
Certificates of Obligation, Series 2011	0.03	$ 2,990,000	$ 1,905,000
General Obligation Bonds, Series 2014	2.25%-3.5%	1,290,000	695,000
General Obligation Bonds, Series 2014A	2.25%-3.5%	1,350,000	720,000
Total Long Term Obligations		$ 5,630,000	$ 3,320,000

Debt service requirements are as follows:

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2021	$ 405,000	$ 109,676	$ 514,676
2022	415,000	96,938	511,938
2023	440,000	83,606	523,606
2024	455,000	69,119	524,119
2025	465,000	53,856	518,856
2026-2030	930,000	140,213	1,070,213
2031	210,000	4,331	214,331
Total	$ 3,320,000	$ 557,739	$ 3,877,739

A brief discussion of each bond issuance follows:

$1,635,000 Series 2011A General Obligation Refunding bonds issued August 2, 2011 for the purpose of refinancing the 2000A CO and a portion of the 2005A CO.

$2,990,000 Series 2011 Combination Tax and Revenue Certificates of Obligation bonds issued August 2, 2011 for the purpose of infrastructure improvements to the water system.

$1,290,000 Series 2014 General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005A Certificates of Obligations.

$1,350,000 Series 2014A General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005B Certificates of Obligations.

Component Unit Long-term Debt

On September 19, 2013, the Forney EDC issued $2,000,000 of Sales Tax Revenue Bonds, Series 2013. These bonds were issued for the acquisition, improvement and equipment of land, buildings, and facilities to lease or sell to businesses in downtown Forney. Interest rates on the debt are set at 4.25% and final maturity will be in fiscal year 2032.

Component Unit - Forney EDC:	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Series 2013 Sales Tax Revenue Bond	$ 1,730,000	$ -	$(100,000)	$ 1,630,000	$ 100,000
Total long-term debt	1,730,000	-	(100,000)	1,630,000	100,000
Compensated absences	7,139	10,342	(15,846)	1,635	409
Total business-type long-term liabilities	$ 1,737,139	$ 10,342	$(115,846)	$ 1,631,635	$ 100,409

Debt service requirements are as follows:

Year Ending September 30,	Component Unit - Forney EDC		
	Principal	Interest	Total
2021	$ 100,000	$ 76,528	$ 176,528
2022	110,000	72,278	182,278
2023	115,000	67,603	182,603
2024	120,000	62,715	182,715
2025	125,000	57,615	182,615
2026-2030	720,000	196,038	916,038
2031-2032	340,000	26,265	366,265
Total	$ 1,630,000	$ 559,042	$ 2,189,042

IX. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2020, is as follows:

Due to/from other funds

Due to	Due from	
	Capital Projects Fund	Utility Fund
General fund	$ 784,854	$ 2,135,504
Total	$ 784,854	$ 2,135,504

Interfund balances for all of the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less. Similar transactions such as this also exist between the primary government and the City's discretely presented component unit. The balances due to and due from component unit and primary government at September 30, 2020 consisted of the following:

Due from	Due to
	General Fund
Forney EDC	$ 46,721
Total	$ 46,721

Interfund Transfers

The primary purpose of interfund transfers is the transfer of funds from one fund to support expenditures of another fund in accordance with the authority established for the individual fund.

A summary of interfund transfers by fund type is as follows:

Transfers in	Transfers out				
	General	Capital Projects	Non Major	Utility	Total
General	$ -	$ 56,000	$ 191,218	$ 2,229,334	$ 2,476,552
Utility	1,423,641	97,884	-		1,521,525
Debt service	53,664	51,108	-	-	104,772
Capital Project	1,622,575	-	-	2,382,425	4,005,000
Total	$ 3,099,880	$ 204,992	$ 191,218	$ 4,611,759	$ 8,107,849

Transfers to and from the various funds to the capital projects fund are made in order to fund capital projects or other capital purchases. Transfers made from the non-major governmental funds to the General Fund were made to cover the costs of special projects included in the General Fund. Additionally, funds were transferred from the General Fund to the Debt Service Fund to cover the costs related to the principal and interest for the notes payable reported by the governmental activities.

X. DEFINED BENEFIT PENSION POLICIES

Plan Descriptions

The City of Forney participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com*.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating
Annuity increase to retirees	70% of CPI, repeating

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	57
Active employees	158
	243

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Forney were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Forney were 13.60% and 13.93% in calendar years 2019 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2020, were $1,561,131, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rate for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subjects to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
Primary Government:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	$ 25,098,928	$ 20,003,820	$ 5,095,108
Changes for the year:			
Service cost	2,024,768	-	2,024,768
Interest	1,743,349	-	1,743,349
Difference between expected and actual experience	735,812	-	735,812
Contributions - employer	-	1,493,577	(1,493,577)
Contributions - employee	-	776,199	(776,199)
Net investment income	-	3,099,587	(3,099,587)
Benefit payments, including refunds of employee contributions	(567,844)	(567,844)	-
Administrative expense	-	(17,475)	17,475
Other changes	199,871	(525)	200,396
Net changes	4,135,956	4,783,519	(647,563)
Balance at 12/31/2019	$ 29,234,884	$ 24,787,339	$ 4,447,545

Component Unit - Forney EDC	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	$ 405,524	$ 323,200	$ 82,324
Changes for the year:			
Service cost	32,714	-	32,714
Interest	28,167	-	28,167
Difference between expected and actual experience	11,888	-	11,888
Contributions - employer	-	24,132	(24,132)
Contributions - employee	-	12,541	(12,541)
Net investment income	-	50,080	(50,080)
Benefit payments, including refunds of employee contributions	(9,175)	(9,175)	-
Administrative expense	-	(282)	282
Other changes	3,229	(8)	3,237
Net changes	66,823	77,288	(10,465)
Balance at 12/31/2019	$ 472,347	$ 400,488	$ 71,859

The following presents the net pension liability of the City and EDC, calculated using the discount rate of 6.75%, as well as what the City and EDC's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 9,925,758	$ 4,447,545	$ 93,824

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
EDC's net pension liability	$ 160,369	$ 71,859	$ 1,516

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020 the City and EDC recognized pension expense of $1,764,800 At September 30, 2020 the City and EDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,231,971	$ 413,493
Changes in actuarial assumptions	173,846	22,461
Difference between projected and actual investment earnings	-	734,734
Contributions subsequent to the measurement date	1,173,868	-
Total	$ 2,579,685	$ 1,170,688

Component Unit - Forney EDC:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 19,905	$ 6,681
Changes in actuarial assumptions	2,809	363
Difference between projected and actual investment earnings	-	11,871
Contributions subsequent to the measurement date	18,966	-
Total	$ 41,680	$ 18,915

$1,173,868 and $18,966 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020 for the City and EDC, respectively.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Primary Government:

Year ended September 30,	
2020	$(96,561)
2021	(96,128)
2022	122,409
2023	(176,373)
2024	214,883
Thereafter	266,899

Component Unit - Forney EDC:

Year ended September 30,	
2020	$(1,560)
2021	(1,553)
2022	1,978
2023	(2,850)
2024	3,472
Thereafter	4,312

Within the governmental activities, the General Fund generally liquidates the net pension liability. In the business-type activities, the net pension liability is liquidated by the Utility Fund.

Health Care Coverage

During the year ended September 30, 2020, employees of the City were covered by a health insurance plan ("Plan"). The City contributed $485 per month per employee. The City also contributes to the cost of dependent coverage on the following scale: 50% for employees with a base salary that is less than $50,000 annually, 40% for employees with a base salary between $50,001 and $75,000 annually, 30% for employees with a base salary between $75,001 and $100,000 annually and 25% for employees with a base salary over $100,000. The City Manager received 50% of the cost for dependents as agreed in his contract. Employees, at their option, authorized payroll withholdings to pay contributions for their dependents. All contributions were paid to Blue Cross Blue Shield. The Plan was authorized by Article 3.51-2, Texas Insurance code, and is documented by contractual agreement.

Insurance Coverage

In accordance with state statue, the City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas, in accordance with the Texas Insurance code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2013, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

XI. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	14
Active employees	158
Total	196

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.13% for 2019 and 2020, of which 0.01% and 0.01%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2020 and 2019 were $14,791 and $14,326, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Projected salary increases	3.50% to 10.5% including inflation
Discount rate	3.71%

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases were based on a service-related table.

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.75% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.75%) in measuring the Total OPEB Liability.

Primary Government	1% Decrease in Discount Rate (1.75%)	Current Single Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	$ 288,409	$ 227,734	$ 182,093

EDC	1% Decrease in Discount Rate (1.75%)	Current Single Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	$ 4,660	$ 3,679	$ 2,942

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2020, the City and EDC reported a liability of $231,413 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2019. For the year ended September 30, 2020, the City and EDC recognized OPEB expense of $27,262. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Within the governmental activities, the General Fund generally liquidates the total OPEB liability. In the business-type activities, the total OPEB liability is liquidated by the Utility Fund.

Changes in the Total OPEB Liability

Primary Government:	Total OPEB Liability
Balance at 12/31/2018	$ 169,351
Changes for the year:	
Service cost	16,633
Interest	6,571
Difference between expected and actual experience	(9,362)
Changes of assumptions	45,650
Benefit payments	(1,109)
Net changes	58,383
Balance at 12/31/2019	$ 227,734

EDC:	Total OPEB Liability
Balance at 12/31/2018	$ 2,736
Changes for the year:	
Service cost	268
Interest	106
Difference between expected and actual experience	(151)
Changes of assumptions	738
Benefit payments	(18)
Net changes	943
Balance at 12/31/2019	$ 3,679

At September 30, 2020, the City and EDC reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 10,548
Changes in actuarial assumptions	52,067	12,746
Contributions subsequent to the measurement date	851	-
Totals	$ 52,918	$ 23,294

EDC:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 170
Changes in actuarial assumptions	841	206
Contributions subsequent to the measurement date	14	-
Totals	$ 855	$ 376

$851 and $14 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2020 for the City and EDC, respectively. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2020	$ 3,624
2021	3,624
2022	3,624
2023	3,624
2024	3,624
Thereafter	10,653

For the Year Ended September 30,	
2020	$ 59
2021	59
2022	59
2023	59
2024	59
Thereafter	170

XII. RISK MANAGEMENT

The City of Forney is exposed to various risks of loss related to tort liability, theft of and damage to property and destruction of assets; public officials' errors and omissions; bodily injury and property damage; injury to employees and natural disasters. The City has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium for TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continued to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

XIII. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City.

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability that may arise as the result of these audits is not believed to be estimable or probable.

XIV. TXDOT RECEIVABLE

The Texas Department of Transportation has entered into a contract with the City of Forney to pay the City an annual amount of no less than $2,009,570 annually beginning in the year 2013 and ending in the year 2031. This payment is to reimburse the City for a portion of the costs associated with the construction of highway improvements to FM 740, FM 741 and US 80/FM 548 Interchange.

The City received a payment from TxDOT in the amount of $4,019,141 during the current fiscal year.

XV. ADDITIONAL WATER AND SEWER INFORMATION

The following information is included at the request of the Texas Water Development Board for the year under audit. Water Accountability Report:

Gallons Pumped	2,345,000,000
Gallons Billed	2,272,356,683

The City of Forney secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statue and contract, or otherwise permitted by laws, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of the factors mentioned above, the District is not included in the City's basic financial statements.

The City purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The City currently pays $2.99 per thousand gallons for water with total cost for this current fiscal year being $5,837,582.

The City entered into a contract for wastewater treatment services with the District. The District has been designated by the Texas Water Quality Board as the regional agency to provide and develop a Regional System for Wastewater Treatment in the general are of the East Fork of the Trinity River, which includes the City of Forney and other cities located in Collin, Dallas, Kaufman and Rockwall Counties, Texas. Relative thereto, the City of Forney and other cities have entered into wastewater system contracts with the District, which provide for the establishment, operation and maintenance of a Regional Wastewater System for the purpose of providing facilities to adequately receive, transport, treat and dispose of wastewater for the cities. In order to provide said service, the contract provides that (a) the District will acquire, design, construct and complete the system, repair, replace and/or extend the system to provide service to the cities; (b) in consideration of payments to be made under the contract, each of the cities shall have the right to discharge all of its wastewater from its sewage system into the District's system, subject to certain quality requirements set forth in the contract; (c) the District will issue its bonds, in amounts and at times determined by the District, to provide for the wastewater treatment facilities; (d) each city agrees to pay its proportionate share of the annual requirement sufficient to pay or provide for the payment of an "Operation and Maintenance Component" and a "Bond Service Component."

Each city's proportionate share of the annual requirement shall be a percentage obtained by dividing such city's estimated contributing flow to the system by the total estimated contributing flow to the system by all cities during such fiscal year. No city will exercise oversight responsibility for the District and no city is liable for the District's debt. The City of Forney's payment for the current fiscal period was $3,041,785.

XVI. TAX ABATEMENTS

The City negotiates property tax abatement agreements and direct sales tax reimbursement agreements on an individual basis. The City has tax abatement agreements with one entity as of September 30, 2020:

Purpose	Percentage of Taxes Abated during the Fiscal Year		Amount of Taxes Abated during the Fiscal Year
Company desires to purchase and use new building materials within the City that will generate additional economic development and use tax revenue for the City	80%	$	23,838

REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	$ 6,760,728	$ 7,270,577	$ 7,203,157	$(67,420)
Sales taxes	6,551,780	7,272,318	7,561,479	289,161
Franchise taxes	3,290,000	3,380,000	3,452,551	72,551
Beverage taxes	57,000	50,138	50,137	(1)
Licenses and permits	1,029,500	2,601,938	2,956,929	354,991
Intergovernmental revenues	216,000	296,396	624,203	327,807
Charges for services	1,286,795	1,591,976	1,411,773	(180,203)
Fines and forfeitures	237,560	179,080	203,915	24,835
Investments earnings	500,000	740,800	3,024,657	2,283,857
Contributions and donations	-	7,000	7,888	888
Miscellaneous	77,347	117,432	115,794	(1,638)
Total revenues	20,006,710	23,507,655	26,612,483	3,104,828
EXPENDITURES				
Current:				
General government:				
Administration and public information	5,066,121	5,946,956	5,567,900	379,056
Municipal court	338,150	326,652	320,256	6,396
Public safety:				
Police	5,220,394	4,823,134	4,501,304	321,830
Fire	4,861,017	4,727,307	4,375,376	351,931
Public works:				
Streets	1,636,558	1,682,405	1,403,482	278,923
Planning and development	518,289	518,116	460,201	57,915
Public services and operations	1,032,567	907,652	641,800	265,852
Animal control	281,379	262,858	245,454	17,404
Culture and recreation:				
Parks	1,985,553	1,792,504	1,727,806	64,698
Capital outlay	50,293	53,664	-	53,664
Total expenditures	20,990,321	21,041,248	19,243,579	1,797,669
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(983,611)	2,466,407	7,368,904	4,902,497
OTHER FINANCING SOURCES (USES)				
Transfers in	(2,771,411)	(2,853,199)	2,476,552	5,329,751
Transfers out	(3,004,641)	(3,093,447)	(3,099,880)	(6,433)
Sale of capital assets	-	15,101	22,090	6,989
Total other financing sources (uses)	(5,776,052)	(5,931,545)	(601,238)	5,330,307
NET CHANGE IN FUND BALANCE	(6,759,663)	(3,465,138)	6,767,666	10,232,804
FUND BALANCE - BEGINNING	7,164,096	7,164,096	7,164,096	-
FUND BALANCE - ENDING	$ 404,433	$ 3,698,958	$ 13,931,762	$ 10,232,804

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADWAY IMPACT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Impact fees	$ 815,000	$ 1,600,000	$ 1,641,975	$ 41,975
Investment earnings	25,000	18,000	17,578	(422)
Total revenues	840,000	1,618,000	1,659,553	41,553
EXPENDITURES				
Current:				
Public works	40,000	10,000	326	9,674
Total expenditures	40,000	10,000	326	9,674
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	800,000	1,608,000	1,659,227	51,227
FUND BALANCE - BEGINNING	1,302,367	1,302,367	1,302,367	-
FUND BALANCE - ENDING	$ 2,102,367	$ 2,910,367	$ 2,961,594	$ 51,227

CITY OF FORNEY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement period ended December 31,	**2019**	**2018**
A. Total pension liability		
Service Cost	$ 2,057,484	$ 1,816,160
Interest (on the Total Pension Liability)	1,771,516	1,537,377
Difference between expected and actual experience	747,700	549,560
Changes in assumptions	203,100	-
Benefit payments, including refunds of employee contributions	(577,019)	(533,060)
Net change in total pension liability	4,202,781	3,370,037
Total pension liability - beginning	25,504,449	22,134,412
Total pension liability - ending (a)	29,707,230	25,504,449
B. Plan fiduciary net position		
Contributions - Employer	1,517,709	1,327,677
Contributions - Employee	788,740	701,994
Net Investment Income	3,149,666	(582,901)
Benefit payments, including refunds of employee contributions	(577,019)	(533,060)
Administrative Expenses	(17,757)	(11,246)
Other	(533)	(587)
Net change in plan fiduciary net position	4,860,806	901,877
Plan fiduciary net position - beginning	20,327,020	19,425,143
Plan fiduciary net position - ending (b)	25,187,826	20,327,020
C. Net pension liability - ending (a) - (b)	$ 4,519,404	$ 5,177,429
D. Plan fiduciary net position as a percentage of total pension liability	84.79%	79.70%
E. Covered payroll	$ 11,267,711	$ 10,028,490
F. Net position liability as a percentage of covered payroll	40.11%	51.63%

Note - GASB 68 requires 10 years of data to reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

2017	2016	2015	2014
$ 1,556,135	$ 1,371,142	$ 1,293,191	$ 1,126,842
1,357,656	1,237,661	1,191,818	1,046,739
261,390	(256,339)	(744,030)	103,186
-	-	(58,600)	-
(752,237)	(582,288)	(240,931)	(333,832)
2,422,944	1,770,176	1,441,448	1,942,935
19,711,468	17,941,292	16,499,844	14,556,909
22,134,412	19,711,468	17,941,292	16,499,844
1,181,687	1,078,254	1,028,802	847,353
609,566	535,304	507,987	484,123
2,241,927	959,168	19,002	643,314
(752,237)	(582,288)	(240,931)	(333,832)
(11,605)	(10,821)	(11,571)	(6,714)
(587)	(583)	(572)	(552)
3,268,751	1,979,034	1,302,717	1,633,692
16,156,392	14,177,358	12,874,641	11,240,949
19,425,143	16,156,392	14,177,358	12,874,641
$ 2,709,269	$ 3,555,076	$ 3,763,934	$ 3,625,203
87.76%	81.96%	79.02%	78.03%
$ 8,708,084	$ 7,647,196	$ 7,256,961	$ 6,916,048
31.11%	46.49%	51.87%	52.42%

CITY OF FORNEY, TEXAS

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fiscal year ended September 30,	**2020**	**2019**
Actuarial determined contribution	$ 1,561,131	$ 1,478,423
Contributions in relation to the actuarially determined contribution	$ 1,561,131	$ 1,478,423
Contribution deficiency (excess)		-
Covered payroll	11,267,711	11,020,021
Contributions as a percentage of covered payroll	13.85%	13.42%

Note - GASB 68 requires 10 years of data to reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

2018	2017	2016	2015	2014
$ 1,294,007	$ 1,153,873	$ 1,098,573	$ 979,573	$ 847,216
$ 1,294,007	$ 1,153,873	$ 1,098,573	$ 979,573	$ 847,216
-	-	-	-	-
9,274,693	8,428,945	7,779,767	6,916,048	6,004,927
13.95%	13.69%	14.12%	14.16%	14.11%

CITY OF FORNEY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement period ended December 31,	**2019**	**2018**	**2017**
A. Total OPEB liability			
Service Cost	$ 16,902	$ 19,054	$ 14,804
Interest (on the Total OPEB Liability)	6,676	5,841	5,233
Difference between expected and actual experience	(9,513)	(2,816)	-
Changes of assumptions	46,388	(16,414)	16,789
contributions	(1,127)	(1,003)	(871)
Net change in Total OPEB liability	59,326	4,662	35,955
Total OPEB liability - beginning	172,087	167,425	131,470
Total OPEB liability - ending (a)	231,413	172,087	167,425
B. Covered payroll	$ 11,267,711	$ 10,028,490	$ 8,708,084
C. Total OPEB liability as a percentage of covered payroll	2.05%	1.72%	1.92%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues that are restricted in nature for a special purpose limited by state law and management intentions for expenditures.

Hotel/Motel Fund – to account for revenue collected from hotels and motels located within the Forney city limits.

Fox Hollow PID Fund – to account for revenue collected from special assessments in the Fox Hollow subdivision to be used only for the benefit of the subdivision.

COVID-19 Fund – to account for grant funds received under the CARES Act as a part of the Coronavirus Relief Fund (CRF) grant through the state of Texas.

CITY OF FORNEY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	Special Revenue Funds			
	Hotel/Motel Fund	Fox Hollow PID	COVID-19 Fund	Total Non-Major Governmental Funds
ASSETS				
Cash and investments	$ -	$ 400,203	$ 40,511	$ 440,714
Total assets	-	400,203	40,511	440,714
LIABILITIES				
Accounts payable	-	228	-	228
Unearned revenues	-	-	40,511	40,511
Total Liabilities	-	228	40,511	40,739
FUND BALANCES				
Restricted for:				
Public Improvement District	-	399,975	-	399,975
Total fund balances	-	399,975	-	399,975
Total liabilities and fund balances	$ -	$ 400,203	$ 40,511	$ 440,714

CITY OF FORNEY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds			Total Non-Major Governmental Funds
	Hotel/Motel Fund	Fox Hollow PID	COVID-19 Fund	
REVENUES				
Taxes:				
Property taxes	$ -	$ 387,367	$ -	$ 387,367
Hotel/motel taxes	122,897	-	-	122,897
Investment earnings	-	2,251	-	2,251
Intergovernmental	-	-	238,570	238,570
Miscellaneous	13,833	-	-	13,833
Total revenues	136,730	389,618	238,570	764,918
EXPENDITURES				
Current:				
General government	3,500	431,730	-	435,230
Public Safety	-	-	238,570	238,570
Total expenditures	3,500	431,730	238,570	673,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	133,230	(42,112)	-	91,118
OTHER FINANCING SOURCES (USES)				
Transfers out	(191,218)	-	-	(191,218)
Total other financing sources (uses)	(191,218)	-	-	(191,218)
NET CHANGE IN FUND BALANCE	(57,988)	(42,112)	-	(100,100)
FUND BALANCE - BEGINNING	57,988	442,087	-	500,075
FUND BALANCE - ENDING	$ -	$ 399,975	$ -	$ 399,975

CITY OF FORNEY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 3,488,245	$ 3,625,095	$ 3,643,256	$ 18,161
Intergovernmental revenue	4,019,140	4,019,140	4,019,141	1
Investment earnings	50,000	20,000	23,428	3,428
Total revenues	7,557,385	7,664,235	7,685,825	21,590
EXPENDITURES				
Debt service:				
Principal	4,450,000	6,455,000	6,547,078	(92,078)
Interest	1,648,666	1,651,893	1,664,527	(12,634)
Total expenditures	6,098,666	8,106,893	8,211,605	(104,712)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,458,719	(442,658)	(525,780)	(83,122)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	104,772	104,772
Total other financing sources (uses)	-	-	104,772	104,772
NET CHANGE IN FUND BALANCE	1,458,719	(442,658)	(421,008)	21,650
FUND BALANCE - BEGINNING	3,048,330	3,048,330	3,048,330	-
FUND BALANCE - ENDING	$ 4,507,049	$ 2,605,672	$ 2,627,322	$ 21,650

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 1,257,984	$ 709,379	$ 709,380	$ 1
Charge for services	55,000	115,000	350,964	235,964
Developer contributions	-	-	2,000,000	2,000,000
Miscellaneous income	-	-	21,135	21,135
Investment income	35,000	44,500	42,095	(2,405)
Total revenues	1,347,984	868,879	3,123,574	2,254,695
EXPENDITURES				
Current:				
Public works	75,000	75,000	5,000	70,000
Capital outlays	3,568,178	4,189,155	4,207,927	(18,772)
Total expenditures	3,643,178	4,264,155	4,212,927	51,228
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,295,194)	(3,395,276)	(1,089,353)	2,305,923
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	14,838	14,838	-
Sale of capital assets	-	-	22,468	22,468
Transfer in	2,949,000	3,649,000	4,005,000	356,000
Transfer out	-	(591,000)	(204,992)	386,008
Total other financing sources (uses)	2,949,000	3,058,000	3,837,314	779,314
NET CHANGE IN FUND BALANCE	653,806	(337,276)	2,747,961	3,085,237
FUND BALANCE - BEGINNING	8,802,955	8,802,955	8,802,955	-
FUND BALANCE - ENDING	$ 9,456,761	$ 8,465,679	$ 11,550,916	$ 3,085,237

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Hotel/motel taxes	$ 160,000	$ 125,000	$ 122,897	$(2,103)
Miscellaneous revenue	-	13,833	13,833	-
Total revenues	160,000	138,833	136,730	(2,103)
EXPENDITURES				
Current:				
General government	-	3,500	3,500	-
Total expenditures	-	3,500	3,500	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	160,000	135,333	133,230	(2,103)
OTHER FINANCING SOURCES (USES)				
Transfers out	(201,900)	(201,900)	(191,218)	10,682
Total other financing sources (uses)	(201,900)	(201,900)	(191,218)	10,682
NET CHANGE IN FUND BALANCE	(41,900)	(66,567)	(57,988)	8,579
FUND BALANCE - BEGINNING	57,988	57,988	57,988	-
FUND BALANCE - ENDING	$ 16,088	$(8,579)	$ -	$ 8,579

CITY OF FORNEY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Developers Escrow Fund	Balance September 30, 2019	Additions	Deductions	Balance September 30, 2020
ASSETS				
Cash and investments	$ 1,191,187	$ 54,293	$ 40,000	$ 1,205,480
Total assets	1,191,187	54,293	40,000	1,205,480
LIABILITIES				
Developers escrow	1,191,187	54,293	40,000	1,205,480
Total liabilities	$ 1,191,187	$ 54,293	$ 40,000	$ 1,205,480

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Forney, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	65
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	76
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	82
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	88
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	90

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF FORNEY, TEXAS

NET POSITION BY COMPONENET

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	$ 24,463,665	$ 22,015,335	$ 20,440,755	$ 22,043,453
Restricted	5,963,513	6,100,904	5,891,886	9,293,408
Unrestricted	15,106,924	12,302,473	11,181,620	5,463,010
Total Governmental Activities Net Position	45,534,102	40,418,712	37,514,261	36,799,871
Business-Type Activities				
Net investment in capital assets	11,484,285	11,195,136	7,523,529	7,854,647
Restricted	1,366,089	1,885,256	2,567,839	2,567,839
Unrestricted	(2,070,285)	6,214,899	11,303,696	12,724,397
Total Business-Type Activities Net Position	10,780,089	19,295,291	21,395,064	23,146,883
Primary Government				
Net investment in capital assets	35,947,950	33,210,471	27,964,284	29,898,100
Restricted	7,329,602	7,986,160	8,459,725	11,861,247
Unrestricted	13,036,639	18,517,372	22,485,316	18,187,407
Total Primary Government Net Position	$ 56,314,191	$ 59,714,003	$ 58,909,325	$ 59,946,754

TABLE 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 24,513,186	$ 22,326,642	$ 26,124,675	$ 9,091,396	$ 16,969,844	$ 25,094,322
14,380,773	5,035,645	4,917,004	29,818,164	24,717,558	25,521,284
(1,925,299)	8,043,790	9,508,649	5,247,309	4,450,313	10,436,607
36,968,660	35,406,077	40,550,328	44,156,869	46,137,715	61,052,213
8,875,498	10,839,253	14,265,773	17,536,902	26,259,404	31,262,721
2,764,485	1,530,912	3,170,206	6,111,159	1,510,191	3,058,375
14,826,597	16,955,095	16,529,023	22,515,626	21,439,027	23,222,013
26,466,580	29,325,260	33,965,002	46,163,687	49,208,622	57,543,109
33,388,684	33,165,895	40,390,448	26,628,298	43,229,248	56,357,043
17,145,258	6,566,557	8,087,210	35,929,323	26,227,749	28,579,659
12,901,298	24,998,885	26,037,672	27,762,935	25,889,340	33,658,620
$ 63,435,240	$ 64,731,337	$ 74,515,330	$ 90,320,556	$ 95,346,337	$ 118,595,322

CITY OF FORNEY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
EXPENSES				
Governmental activities:				
General government	$ 3,072,981	$ 3,190,509	$ 3,522,911	$ 5,050,743
Public safety	4,563,278	4,965,163	5,541,583	6,303,710
Public services	592,412	674,292	805,895	694,924
Parks and recreation	1,509,593	1,648,290	1,816,378	1,699,022
Public works	1,464,864	1,375,175	4,934,265	1,655,935
Library	56,500	36,318	37,585	-
Interest and other charges	3,234,846	3,349,236	3,427,876	3,105,300
Total governmental activities expenses	14,494,474	15,238,983	20,086,493	18,509,634
Business-type activities:				
Utility services	7,649,451	7,619,760	8,441,451	9,208,184
Total Business-type activities expenses	7,649,451	7,619,760	8,441,451	9,208,184
Total primary government expenses	22,143,925	22,858,743	28,527,944	27,717,818
PROGRAM REVENUES				
Governmental activities:				
Charge for services:				
General government	43,591	81,575	18,791	354,410
Public safety	119,848	429,399	352,579	589,819
Public services	229,016	263,913	290,170	-
Parks and recreation	35,403	61,060	41,325	39,684
Public works	758,730	928,726	1,930,659	686,221
Operating grants and contributions	-	11,736	159,563	340,391
Capital grants and contributions	2,524,726	1,424,420	1,017,157	37,000
Total governmental activities program revenues	3,711,314	3,200,829	3,810,244	2,047,525
Business-type activities:				
Charge for services:				
Utility services	9,177,539	10,239,362	11,625,160	11,525,477
Operating grants and contributions	17,526	-	-	-
Capital grants and contributions	-	-	184,276	-
Total business-type activities program revenues	9,195,065	10,239,362	11,809,436	11,525,477
Total primary government program revenues	12,906,379	13,440,191	15,619,680	13,573,002
NET (EXPENSE)/REVENUE				
Governmental activities	(10,783,160)	(12,038,154)	(16,276,249)	(16,462,109)
Business-type activities	1,545,614	2,619,602	3,367,985	2,317,293
Total primary government program Net expenses	$(9,237,546)	$(9,418,552)	$(12,908,264)	$(14,144,816)

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 3,608,223	$ 4,018,323	$ 4,209,389	$ 4,537,043	$ 5,735,228	$ 6,453,583
8,024,153	8,665,081	7,330,299	9,595,555	10,351,567	10,127,674
714,490	704,984	1,071,503	1,615,487	1,023,882	934,154
1,365,528	1,460,278	2,063,736	2,494,562	2,635,064	2,598,119
1,342,998	1,367,982	2,123,199	2,254,535	3,241,666	2,394,495
-	-	-	-	-	-
3,157,842	2,724,252	2,331,716	1,875,357	1,662,180	1,446,262
18,213,234	18,940,900	19,129,842	22,372,539	24,649,587	23,954,287
9,883,212	10,808,915	12,726,800	13,558,970	16,345,862	16,994,096
9,883,212	10,808,915	12,726,800	13,558,970	16,345,862	16,994,096
28,096,446	29,749,815	31,856,642	35,931,509	40,995,449	40,948,383
282,119	11,232	59,024	9,940	110,018	338,161
512,794	717,622	633,180	760,567	1,036,729	1,409,341
-	-	-	-	-	-
37,748	59,384	64,254	124,273	120,984	109,101
3,273,590	1,682,863	2,996,728	3,806,887	3,038,036	5,053,071
348,145	7,350	10,000	222,298	226,959	551,039
33,317	621,493	94,353	361,254	4,648	2,027,888
4,487,713	3,099,944	3,857,539	5,285,219	4,537,374	9,488,601
13,506,550	14,152,555	15,580,123	19,212,584	20,313,579	22,823,872
-	-	-	7,458,792	1,693,133	2,616,746
-	-	-	-	2,900,000	2,900,000
13,506,550	14,152,555	15,580,123	26,671,376	24,906,712	28,340,618
17,994,263	17,252,499	19,437,662	31,956,595	29,444,086	37,829,219
(13,725,521)	(15,840,956)	(15,272,303)	(17,087,320)	(20,112,213)	(14,465,686)
3,623,338	3,343,640	2,853,323	13,112,406	8,560,850	11,346,522
$(10,102,183)	$(12,497,316)	$(12,418,980)	$(3,974,914)	$(11,551,363)	$(3,119,164)

CITY OF FORNEY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2011	2012	2013	2014
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental activities:				
Taxes:				
Property taxes	$ 6,641,584	$ 6,890,290	$ 7,122,398	$ 7,289,819
Sales taxes	2,580,493	2,723,236	3,407,923	3,839,949
Franchise taxes	3,341,680	3,598,611	3,638,053	3,717,733
Other taxes	90,584	91,702	112,614	41,273
Investment income	55,452	36,117	63,815	51,115
Gain on sale of capital assets	-	-	-	-
Miscellaneous	115,801	64,964	68,611	56,497
Extraordinary item	(303,100)	-	(1,444,258)	-
Transfers	3,398,260	(6,024,488)	402,642	601,333
Total governmental activities	15,920,754	7,380,432	13,371,798	15,597,719
Business-type activities:				
Investment income	7,999	6,261	6,475	31,350
Gain on sale of capital assets	-	-	-	-
Miscellaneous	10,888	456	2,450	4,509
Transfers	(3,398,260)	6,024,488	(402,642)	(601,333)
Total Business-type activities	(3,379,373)	6,031,205	(393,717)	(565,474)
Total primary government	12,541,381	13,411,637	12,978,081	15,032,245
CHANGE IN NET POSITION				
Governmental activities	5,137,234	(4,657,722)	(2,904,451)	(864,390)
Business-type activities	(1,833,759)	8,650,807	2,974,268	1,751,819
Total primary government	$ 3,303,475	$ 3,993,085	$ 69,817	$ 887,429

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 7,627,533	$ 8,209,164	$ 8,762,216	$ 9,707,103	$ 10,470,757	$ 11,888,141
4,212,896	4,709,696	4,988,763	5,749,249	6,351,122	7,561,479
3,653,796	3,505,463	6,166,444	3,538,039	3,418,342	3,452,551
38,333	172,118	184,340	191,948	185,150	173,034
155,264	112,348	239,970	497,765	(540,886)	3,110,009
-	-	-	-	21,578	6,358
59,995	186,883	74,821	93,206	77,082	98,378
-	-	-	-	-	-
458,247	528,752	-	1,031,984	2,109,914	3,090,234
16,206,064	17,424,424	20,416,554	20,809,294	22,093,059	29,380,184
48,010	20,934	30,726	126,441	(549,479)	66,127
-	-	-	-	6,383	30
403,669	22,858	1,755,693	4,682	37,095	12,042
(458,247)	(528,752)	-	(1,031,984)	(2,109,914)	(3,090,234)
(6,568)	(484,960)	1,786,419	(900,861)	(2,615,915)	(3,012,035)
16,199,496	16,939,464	22,202,973	19,908,433	19,477,144	26,368,149
2,480,543	1,583,468	5,144,251	3,721,974	1,980,846	14,914,498
3,616,770	2,858,680	4,639,742	12,211,545	3,044,935	8,334,487
$ 6,097,313	$ 4,442,148	$ 9,783,993	$ 15,933,519	$ 5,025,781	$ 23,248,985

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CITY OF FORNEY, TEXAS **TABLE 3**

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Tax	Alcoholic Beverage Tax	Total
2011	$ 6,641,584	$ 2,580,493	$ 3,341,680	$ 71,041	$ 19,543	$ 12,654,341
2012	6,890,290	2,723,236	3,598,611	76,004	15,698	13,303,839
2013	7,122,398	3,407,923	3,638,053	90,504	22,110	14,280,988
2014	7,270,549	3,839,949	3,717,733	89,802	41,273	14,959,306
2015	7,698,456	4,144,445	3,653,796	99,404	38,333	15,634,434
2016	8,209,164	4,709,696	3,505,463	126,752	45,366	16,596,441
2017	8,762,216	4,988,763	6,166,444	138,834	45,506	20,101,763
2018	9,707,103	5,749,249	3,538,039	140,150	51,798	19,186,339
2019	10,470,757	6,351,122	3,418,342	128,979	56,171	20,425,371
2020	11,888,141	7,561,479	3,452,551	122,897	50,137	23,075,205

CITY OF FORNEY, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable - prepaid items	$ 11,479	$ -	$ -	$ -
Restricted for:				
Municipal Court	88,888	82,119	86,439	86,439
Committed for:				
Police	90,517	65,334	69,930	69,930
Assigned for:				
Subsequent year's budget	-	-	-	-
General reserve	-	-	1,893,207	1,893,207
Unassigned	30,428,183	6,515,661	2,961,848	3,819,842
Total General Fund	30,619,067	6,663,114	5,011,424	5,869,418
All Other Governmental Funds				
Restricted for:				
Debt service	3,463,517	3,763,823	4,067,297	4,304,860
Use of impact fees	2,067,137	1,972,624	1,481,780	1,742,291
Capital improvements	180,213	9,987,634	4,867,416	3,342,822
Tourism	99,062	110,783	124,050	108,452
Public Improvement District	-	-	-	-
Committed for:				
Capital improvements	-	-	1,513,856	-
Assigned for:				
Capital improvements	-	-	-	-
Equipment replacement	-	-	183,112	-
Special projects - donations	18,404	18,404	12,475	-
Community Benefit Fund	467,065	295,489	241,565	15
Total all other governmental funds	$ 6,295,398	$ 16,148,757	$ 12,491,551	$ 9,498,440

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ -	$ -	$ -	$ -	$ -	$ -
114,180	126,146	97,961	86,519	77,089	56,784
50,566	63,684	65,858	88,768	32,756	23,867
-	1,635,090	3,411,341	2,491,709	2,803,544	2,864,059
3,133,053	3,252,949	3,567,917	4,181,100	4,250,707	4,913,166
2,690,964	1,343,152	1,641,777	1,162,899	-	6,073,886
5,988,763	6,421,021	8,784,854	8,010,995	7,164,096	13,931,762
4,299,472	4,161,496	4,061,777	3,641,192	3,048,330	2,627,322
1,892,343	2,185,265	2,113,419	99,541	1,302,367	2,961,594
9,310,332	4,422,008	5,058,192	13,751,049	8,802,955	11,550,916
71,670	110,290	103,655	20,919	57,988	-
-	-	167,505	267,403	442,087	399,975
-	-	-	-	-	-
-	4,453,267	3,504,186	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15	-	-	-	-	-
$ 15,573,832	$ 15,332,326	$ 15,008,734	$ 17,780,104	$ 13,653,727	$ 17,539,807

CITY OF FORNEY, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
REVENUES				
Property taxes	$ 6,615,716	$ 6,972,379	$ 7,122,398	$ 7,270,549
Sales taxes	2,580,493	2,723,236	3,407,923	3,839,949
Franchise taxes	3,341,680	3,598,611	3,638,053	3,717,733
Other taxes	90,584	91,702	112,614	131,075
Fines and forfeitures	223,562	257,528	283,411	213,305
Licenses and permits	481,067	660,020	949,007	608,204
Charge for services	220,074	471,224	646,358	483,489
Contributions and donations	2,522,714	1,436,156	562,009	19,000
Impact fees	268,157	279,134	839,448	259,848
Intergovernmental	2,012	5,058,678	4,221,085	3,978,938
Investment income	55,451	36,114	63,810	51,120
Miscellaneous	115,801	64,964	68,621	71,978
Total Revenues	16,517,311	21,649,746	21,914,737	20,645,188
EXPENDITURES				
General government	2,542,869	2,689,720	3,029,497	3,079,170
Public safety	4,292,715	4,636,736	5,137,340	5,903,836
Public works	1,045,731	13,369,157	6,317,481	1,055,368
Public services and operations	578,487	661,557	793,640	647,689
Culture and recreation	939,526	1,030,725	1,126,443	1,106,325
Library	72,870	36,318	52,585	45,875
Intergovernmental	-	-	-	-
Capital outlay	17,800,532	3,533,371	3,160,822	3,856,913
Debt service				
Principal retirement	3,250,764	423,084	4,134,293	4,571,621
Interest and other charges	3,406,487	3,369,689	3,503,846	3,114,841
Bond issuance costs	-	-	-	-
Total Expenditures	33,929,981	29,750,357	27,255,947	23,381,638
OTHER FINANCING SOURCES (USES)				
Debt issuance	8,275,000	-	3,265,000	-
Payment to refunding bond escrow agent	(2,192,352)	-	(2,180,000)	-
Premiums and discount on debt issue	(32,987)	-	(11,073)	-
Capital lease	153,998	-	-	-
Insurance recoveries	-	-	-	-
Extraordinary item (expense)	(303,100)	-	(1,444,258)	-
Transfers in (out)	3,398,260	(6,024,487)	402,644	601,333
Sale of assets	8,197	22,504	-	-
Total Other Financing Sources (Uses)	9,307,016	(6,001,983)	32,313	601,333
NET CHANGE IN FUND BALANCES	$(8,105,654)	$(14,102,594)	$(5,308,897)	$(2,135,117)
Debt service as percentage of noncapital expenditures	41.27%	14.47%	31.70%	39.37%

TABLE 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 7,692,263	$ 8,094,304	$ 8,769,295	$ 9,739,104	$ 10,434,973	$ 11,943,160
4,212,896	4,709,696	4,988,763	5,749,249	6,351,122	7,561,479
3,653,796	3,505,463	6,166,444	3,538,039	3,418,342	3,452,551
137,737	172,118	184,340	191,948	185,150	173,034
222,886	279,553	175,663	167,374	260,477	203,915
542,322	712,457	1,752,986	2,372,781	1,471,601	2,956,929
3,075,300	1,187,352	995,924	1,172,987	1,273,491	1,762,737
23,817	428,843	14,762	8,447	4,648	2,007,888
148,851	287,078	814,682	971,003	1,161,161	1,641,975
4,236,168	4,019,000	4,108,732	4,224,439	4,344,519	4,881,914
155,264	112,348	239,970	497,765	(540,886)	3,110,009
77,483	371,061	100,785	467,047	106,101	150,762
24,178,783	23,879,273	28,312,346	29,100,183	28,470,699	39,846,353
3,081,859	3,401,352	3,460,398	4,350,321	5,638,822	6,323,386
6,186,164	6,725,645	7,380,150	8,704,209	9,416,004	9,115,250
1,128,216	1,146,561	1,513,351	1,595,230	2,794,177	1,869,009
647,572	669,532	1,035,962	1,554,194	990,379	887,254
1,151,393	1,243,090	1,332,124	1,717,930	1,797,128	1,727,806
67,380	-	-	-	-	-
-	46,531	301,396	44,670	-	-
3,152,480	5,387,862	5,177,726	1,766,351	6,661,455	4,207,927
5,083,913	5,449,508	5,775,597	6,332,845	6,389,699	6,547,078
2,763,979	2,716,974	2,401,459	2,074,249	1,912,612	1,664,527
259,160	135,819	230,707	-	-	-
23,522,116	26,922,874	28,608,870	28,139,999	35,600,276	32,342,237
15,680,000	10,720,000	13,520,000	-	-	-
(11,757,415)	(8,667,653)	(12,589,898)	-	-	-
1,357,198	588,274	1,394,030	-	-	-
-	-	-	-	-	-
21,241	-	-	-	26,300	14,838
-	-	-	-	-	-
458,247	528,752	-	1,031,984	2,109,914	3,090,234
11,205	64,980	12,633	5,343	20,087	44,558
5,770,476	3,234,353	2,336,765	1,037,327	2,156,301	3,149,630
$(17,094,973)	$ 190,752	$ 2,040,241	$ 1,997,511	$(4,973,276)	$ 10,653,746
39.80%	38.55%	35.88%	31.88%	28.69%	29.41%

CITY OF FORNEY, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended Sept. 30	Real Property			Less: Tax Exempt Real Property
	Residential Property	Commercial Property	Personal Property	
2011	$ 742,531,542	$ 326,047,461	$ 87,154,960	$ 226,863,139
2012	753,891,929	332,361,691	83,077,725	226,928,329
2013	764,959,431	311,146,971	87,584,330	216,535,693
2014	768,272,697	329,201,623	88,644,960	218,688,028
2015	840,904,873	328,801,122	97,753,070	220,336,313
2016	924,494,180	377,814,042	114,725,740	267,831,558
2017	1,069,021,810	389,158,547	110,749,911	291,613,032
2018	1,266,261,417	405,817,241	116,361,171	302,419,220
2019	1,413,385,232	411,360,109	134,276,328	290,419,678
2020	1,644,078,207	459,051,038	181,355,580	348,501,157

Source: Kaufman County Appraisal District

Note: Property is reassessed annually. Property is assessed actual value;
therefore, the assessed values are equal to the actual value.
Tax rates are per $100 of assessed value.

Residential: include single family, vacant lots, acreage, farm and ranch
Commercial: include real property, industrial and utilities

TABLE 6

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Total Taxable Assessed Value Inc / (Dec)
$ 928,870,824	0.707290	$ 1,056,810,639	-0.29%
942,403,016	0.743098	1,070,223,479	1.46%
947,155,039	0.749020	1,074,751,498	0.50%
967,431,252	0.749020	1,099,546,999	2.14%
1,047,122,752	0.723486	1,183,749,808	8.24%
1,149,202,404	0.698483	1,323,154,447	9.75%
1,277,317,236	0.651111	1,453,797,441	11.15%
1,486,020,609	0.621111	1,664,513,808	16.34%
1,668,601,991	0.621111	1,864,057,186	12.29%
1,935,983,668	0.580000	2,159,723,220	16.02%

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PROPRIETARY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(UNAUDITED)

	City Direct Rates			Overlapping Rates *	
Fiscal Year Ended Sept. 30	Operating/ General Rate	General Obligation Debt Service	Direct	Forney Independent School District	Kaufman County
2011	0.323198	0.384092	0.707290	1.500000	0.507700
2012	0.323198	0.419900	0.743098	1.500000	0.556500
2013	0.316925	0.432095	0.749020	1.540000	0.556500
2014	0.316925	0.432095	0.749020	1.540000	0.576200
2015	0.333638	0.389848	0.723486	1.540000	0.576200
2016	0.350398	0.348085	0.698483	1.540000	0.576200
2017	0.338445	0.312666	0.651111	1.540000	0.588700
2018	0.358330	0.262781	0.621111	1.540000	0.588700
2019	0.393237	0.227874	0.621111	1.540000	0.588700
2020	0.380567	0.199433	0.580000	1.470000	0.537112

Source: Kaufman County Appraisal District

* Overlapping rates are those of local and county governments that apply to property over within the City of Forney.

CITY OF FORNEY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	Assessed Taxable Value 2020 Fiscal Year	Rank	Percentage of Assessed Taxable Value
Rose EngleBrook LP & Rose MarlBorough Square Apts	$ 38,100,110	1	1.97%
Smurfit Kappa	37,489,490	2	1.94%
DFW Gateway Oaks Apartments LLC Etal	35,406,530	3	1.83%
Gateway Holdings LP	29,043,080	4	1.50%
Copart Excavation Inc.	27,249,370	5	1.41%
Oncor Electric Delivery Company	20,337,380	6	1.05%
Steve Silver Company	17,381,104	7	0.90%
Kroger Texas LP	14,660,560	8	0.76%
Wal-mart Real Estate Business Trust	14,226,328	9	0.73%
Sealy SW Forney LLC	12,861,180	10	0.66%
Orange County Container Group LLC			
WalMart Real Estate Business Trust			
Steve Silver Company			
Oncor Electric Delivery Company			
Lowes Home Center Inc			
Sealy SW Properties LP			
City Bank			
Wells Fargo			
Starplex Operating LP			
Country Home Investments Inc.			
	$ 246,755,132		12.75%

Source: Kaufman County Appraisal District

	Assessed Taxable Value 2011 Fiscal Year	Rank	Percentage of Assessed Taxable Value
$	38,173,407	1	4.23%
	17,600,090	2	1.95%
	17,097,560	3	1.90%
	15,446,560	4	1.71%
	11,460,210	5	1.27%
	7,210,124	6	0.80%
	4,618,940	7	0.51%
	4,146,600	8	0.46%
	4,038,750	9	0.45%
	3,799,550	10	0.40%
$	123,591,791		13.68%

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CITY OF FORNEY, TEXAS **TABLE 9**

PROPERTY TAX LEVIES AND COLLECTIONS

CURRENT AND NINE YEARS AGO
(UNAUDITED)

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amounts	% of Levy
2011	$ 6,457,831	$ 6,377,676	98.76%	$ 77,368	$ 6,455,044	99.9%
2012	6,534,626	6,480,473	99.38%	50,393	6,530,866	99.9%
2013	7,453,761	7,022,474	94.21%	428,093	7,450,567	99.9%
2014	7,246,254	7,168,440	98.92%	71,130	7,239,570	99.9%
2015	7,568,618	7,508,432	99.20%	54,318	7,562,750	99.9%
2016	7,970,603	7,881,801	98.89%	78,673	7,960,474	99.9%
2017	8,317,470	8,135,586	97.81%	170,545	8,306,131	99.9%
2018	9,134,346	8,928,080	97.74%	194,653	9,122,733	99.9%
2019	10,219,571	10,154,248	99.36%	41,987	10,196,235	99.8%
2020	11,597,231	11,533,848	99.45%	-	11,533,848	99.5%

Source: Kaufman County Appraisal District

CITY OF FORNEY, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other	Tax Notes	Pass - Through Bond	Premiums/ Discounts
2011	$ 25,160,000	$ 5,591,183	$ 599,151	$ -	$ 38,405,000	$ -
2012	24,440,000	5,285,682	492,813	-	38,405,000	-
2013	28,060,000	6,693,936	319,633	-	35,487,944	-
2014	26,925,000	6,232,823	277,247	-	32,895,000	-
2015	27,485,479	9,505,000	233,813	-	29,860,000	1,117,561
2016	23,555,000	11,500,000	189,305	-	26,270,000	1,413,881
2017	22,110,000	10,995,000	143,708	2,055,000	22,145,000	2,556,366
2018	20,255,000	10,470,000	445,729	1,780,000	18,565,000	2,304,821
2019	18,355,000	9,930,000	356,031	1,505,000	14,980,000	2,053,273
2020	16,400,000	9,380,000	263,953	1,220,000	11,315,000	1,801,726

TABLE 10

Business-Type Activities						
General Obligation Bond	Certificates of Obligation	Other Obligations	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ -	$ 6,294,318	$ 64,065	$ -	$ 76,113,717	20.18%	5,430
-	5,956,064	12,860	-	74,592,419	20.11%	5,285
1,465,000	5,732,177	-	-	77,758,690	18.07%	4,868
1,295,000	6,617,177	-	-	74,242,247	17.37%	2,756
3,765,000	2,854,521	-	41,008	74,862,382	18.07%	4,868
3,145,000	2,425,000	-	36,907	68,535,093	13.76%	2,413
2,730,000	2,300,000	-	32,806	65,067,880	13.88%	2,655
2,310,000	2,170,000	-	28,705	58,329,255	11.67%	2,372
1,870,000	2,040,000	-	24,604	51,113,908	7.69%	1,805
1,415,000	1,905,000	-	20,503	43,721,182	5.68%	1,422

CITY OF FORNEY, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population[1]	Assessed Value[2]	Gross Bond Debt[3]	Less Debt Service Funds
2011	15,060	$ 928,870,824	$ 37,045,501	$ 3,390,403
2012	15,300	942,403,016	35,681,746	2,051,999
2013	15,870	947,155,039	41,951,113	3,068,728
2014	16,000	967,431,252	41,070,000	3,118,168
2015	16,800	1,047,122,752	44,768,569	3,294,791
2016	18,418	1,149,202,404	42,075,788	3,369,738
2017	19,122	1,277,317,236	42,779,172	3,414,381
2018	20,336	1,486,020,609	39,318,526	3,628,463
2019	23,470	1,668,601,991	35,777,877	3,513,061
2020	25,030	1,935,983,668	32,142,229	2,533,196

Source:

[1] City Staff

[2] Kaufman County Appraisal District

[3] Schedule of Bonds Payable and Total Bonds for Fiscal Year (does not include debt to be reimbursed by TxDOT with pass-through usage)

Net Bonded Debt	% of Net Bonded Debt of Assessed Value	Net Bonded Debt per Capita
$ 33,655,098	3.62%	$ 2,235
33,629,747	3.57%	2,198
38,882,385	4.11%	2,450
37,951,832	3.92%	2,372
41,473,778	3.96%	2,469
38,706,050	3.37%	2,102
39,364,791	3.08%	2,059
35,690,063	2.40%	1,755
32,264,816	1.93%	1,375
29,609,033	1.53%	1,183

CITY OF FORNEY, TEXAS **TABLE 12**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2020
(UNAUDITED)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to	City Share of Overlapping
Forney Independent School District	315,043,681	37.84%	$ 119,212,529
Kaufman County	57,708,850	17.43%	10,058,653
			129,271,181
City of Forney			30,320,000
			159,591,181
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			8.76%
Per capita overlapping bonded debt			$ 6,778

Source: "Texas Municipal Report" as of September 30, 2020, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that are borne by the residents and businesses of the City of Forney. This process recognizes that, when considered the City of Forney's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Forney's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF FORNEY, TEXAS **TABLE 13**

LEGAL DEBT MARGIN INFORMATION

SEPTEMBER 30, 2020
(UNAUDITED)

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $2.50 per $100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt services, as calculated at the time of issuance and based on a 90% collection rate.

Allowable levy per $100 Valuation	$1.50
Levy for Debt Service	0.1994
Percentage of allowable levy used	13.30%

CITY OF FORNEY, TEXAS **TABLE 14**

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population [1]	Personal Income [2]	Per Capita Income	Average Age [3]	Grade School Enrollment [4]	Unemployment Rate [5]
2011	15,060	$ 405,204,360	26,906	33.85	8,087	6.50%
2012	15,300	402,145,200	26,284	34.20	8,288	7.50%
2013	15,870	427,506,060	26,938	31.70	8,488	7.70%
2014	16,000	465,120,000	29,070	32.60	8,945	4.80%
2015	16,800	498,110,000	28,405	33.60	8,995	6.90%
2016	18,418	540,249,000	29,323	31.30	9,281	6.60%
2017	19,122	468,641,976	24,508	30.50	9,707	3.56%
2018	20,336	500,000,000	24,587	30.50	10,198	3.56%
2019	23,470	664,482,640	28,312	30.30	11,714	3.10%
2020	25,030	769,470,897	30,742	30.90	11,888	7.40%

Sources:
[1] EDC - Claritas
[2] EDC - Claritas
[3] EDC - Claritas
[4] Forney ISD
[5] Texas Workforce Commission

CITY OF FORNEY, TEXAS **TABLE 15**

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO
(UNAUDITED)

	2020			2011		
Name of Employer	No. of Employees	Rank	Percentage of Total City Employment	No. of Employees	Rank	Percentage of Total City Employment
Forney Independent School District	1,308	1	17.61%	1,100	1	18.33%
WalMart	395	2	5.32%	370	2	6.17%
Smurfit Kappa	265	3	3.57%	300	3	5.00%
Intex Electric	241	4	3.25%	112	6	1.87%
Kroger Marketplace	233	5	3.14%			
Steve Silver Company	198	6	2.67%	189	4	3.15%
Lowe's Home Improvement	172	7	2.32%	115	5	1.92%
City of Forney	166	8	2.24%	99	8	1.65%
Ridgecrest Healthcare & Rehab	158	9	2.13%			
ABOX Packaging	114	10	1.54%			
Brookshire's Grocery				35	10	0.58%
Classic Industries				100	7	1.67%
Luminant				85	9	1.42%
Totals	3,250		43.77%	2,505		41.75%
Total employment within City	7,426			6,000		

Source: Forney Economic Development Corporation and employer records

CITY OF FORNEY, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2011	2012	2013	2014
General Government	12.00	24.00	24.00	25.00
Public Safety:				
Municipal Court	2.00	2.50	2.50	2.63
Police	33.00	36.00	36.00	39.63
Fire	14.00	17.00	24.00	24.00
Animal Control	2.00	2.00	2.00	2.00
Public Works	152.00	8.00	9.00	8.00
Parks and Recreation	8.00	8.00	8.00	9.00
Water and Sewer Systems	16.00	11.50	12.00	13.00
Total	99.00	109.00	117.50	123.26

2015	2016	2017	2018	2019	2020
26.00	30.00	36.00	40.00	46.00	44.50
2.63	2.63	2.63	3.00	3.00	3.00
41.63	43.00	46.00	47.00	47.00	48.00
24.00	27.50	31.00	38.00	38.00	38.00
2.00	3.00	3.00	3.00	3.00	3.00
8.00	5.00	7.00	7.00	6.00	9.00
9.00	9.00	9.00	12.00	12.00	11.00
13.00	15.00	13.00	11.00	11.00	10.00
126.26	135.13	147.63	161.00	166.00	166.50

CITY OF FORNEY, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Function/Program				
Public Safety				
Municipal Court				
Number of cases filed	123	157	211	328
Police				
Physical Arrests	574	645	764	807
Traffic Violations	2,175	1,973	1,681	2,346
Fire				
Number of calls answered	3,428	3,410	3,464	3,441
Animal Control		531		
Number of calls	939		512	1,856
Public Works				
Streets maintained	150	150	150	150
Water and Wastewater				
New connections	135	64	212	151
Annual gallons of water pumped (millions)	1,862	1,450	1,369	1,370
Miles of water mains maintained	103	105	105	105

Fiscal Year					
2015	2016	2017	2018	2019	2020
625	2,608	1,558	1,955	2,892	2,339
635	748	528	737	767	662
2,129	1,804	1,455	2,247	2,299	2,196
3,261	4,066	5,427	1	6,400	5,745
1,584	825	774	1,101	1,106	959
150	152	113	95	99	130
113	120	242	371	165	165
1,558	1,849	1,750	1,956	2,043	2,345
108	108	113	115	122	132

CITY OF FORNEY, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Function/Program				
Public Safety				
Police				
Stations	1	1	1	1
Patrol units	24	24	23	24
Fire				
Stations	1	1	1	1
Public Works				
Streets (miles)	150	150	150	150
Parks and Recreation				
Parks (acreage)	225	258	258	258
Number of playgrounds	6	6	6	6
Water and Wastewater				
Water main (miles)	101	105	105	105
Sewer mains (miles)	79	75	75	75
Storm drainage (miles)	19	19	19	19

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
24	26	14	13	15	15
1	1	2	2	2	2
150	152	113	95	99	130
258	258	274	262	262	268
6	6	6	6	6	6
105	108	113	115	122	132
75	93	93	113	118	128
19	19	33	33	36	42

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INTERNAL CONTROL AND COMPLIANCE SECTION

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PATTILLO, BROWN & HILL, L.L.P.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the City Council
City of Forney, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Forney, Texas' basic financial statements, and have issued our report thereon dated February 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Forney, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Forney, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Forney, Texas' internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS
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NEW MEXICO | Albuquerque

AICPA GAQC Member

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Forney, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 26, 2021